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Mahindra & Mahindra Limited
Subsidiary Annual Report 2016-17 (Part 1)

Subsidiary Companies

Part 01

Subsidiary Companies

Part 02

Subsidiary Companies

Part 03

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

Your directors present their report on Mahindra Automotive Australia Pty Limited ("the company") for the financial year ended March 31, 2017:

Directors

The names and particulars of the directors of the company during or since the end of the financial year are:

Mathew Lawrence Hayden (appointed 6 May 2016) Jeffrey Ferdinands (appointed 6 May 2016) Carlo Lacota Pravin Kumar Shah Vijay Madhav Paradkar (ceased 28 March 2017) Pradeep Kumar (ceased 27 April 2016)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Retirement and Appointment of Directors

During the year, Pradeep Kumar and Vijay Paradkar ceased being directors. Mathew Hayden and Jeffrey Ferdinands were appointed as a directors on the dates noted above.

Principal Activities

The principal activities of the company during the financial year was distribution of new motor vehicles, tractors and related spare parts inventory. There have been no significant changes in the nature of the company's principal activities during the financial year.

Review of Operations

The profit after tax for the current year amounted to $26,492 (2016: $1,295,340).

A review of the operations of the company during the financial year and the results of those operations found that the company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Subsequent Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

Likely Developments

The company expects to maintain the present status and level of operations and hence there are no likely developments in the company's operations.

Significant Changes in State of Affairs

There has been no significant changes in the company's state of affairs occured during the financial year.

Auditors Independence Declaration

The lead auditors independence declaration for the year ended March 31, 2017 has been received and can be found on page 3 of the financial report.

Dividends

No dividends have been paid or declared since the beginning of the year.

Environmental Issues

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

No Indemnities

No indemnities have been given or insurance premiums paid, during or since the end of the financial period, for any persons who is or has been an officer, director or auditor of Mahindra Automotive Australia Pty Limited.

No Leave or Proceedings

No persons has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the Board of Directors:

Pravin Kumar Shah

Jeffrey Ferdinands

Carlo Lacota

Mathew Hayden

Date: 8th May, 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAHINDRA AUTOMOTIVE AUSTRALIA PTY LIMITED

Opinion

We have audited the accompanying financial report, being a special purpose financial report, of Mahindra Automotive Australia Pty Limited (the "Entity"), which comprises the statement of financial position, as at March 31, 2017, and the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended, and notes comprising a summary of significant accounting policies, and the directors' declaration as set out on pages 3 to 18.

In our opinion, the accompanying financial report of the Entity is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Entity's financial position as at March 31, 2017 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards to the extent described in Note 1 and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the entity in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the director's of the Entity, would be in the same terms if given to management as at the time of this auditor's report.

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

Emphasis of Matter- Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling management's financial reporting responsibilities under the Corporations Act 2001. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of the Director's for the Financial Report

The Director's of the Entity are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the Corporations Act 2001. The directors' responsibility also includes such internal control as they determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the director's are responsible for assessing the ability of the Entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian Auditing Standards 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, 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 entity'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 entity'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 report 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 entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents 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.

DELOITTE TOUCHE TOHMATSU

Stavroula Papadatos
Partner
Chartered Accountants

Sydney
Date : 8th May, 2017

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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225 George Street
Sydney NSW 2000
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The Board of Directors
Mahindra Automotive Australia Pty Limited
4/20 Buttonwood Place
Willawong Queensland 4110

Dear Board Members

Mahindra Automotive Australia Pty Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Mahindra Automotive Australia Pty Limited.

As lead audit partner for the audit of the financial statements of Mahindra Automotive Australia Pty Limited for the financial year ended March 31, 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

DELOITTE TOUCHE TOHMATSU

Stavroula Papadatos

Partner

Chartered Accountants

Sydney

STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

Mahindra Automotive Australia Pty Limited (Unaudited)

	Note	**2017** $	2016 $
Sales revenue	**2**	**25,382,668**	22,314,113
Other revenue	**2**	**18,318**	160,294
Finance Costs		**(17,468)**	(8,282)
Expenses	**3**	**(25,357,026)**	(21,459,668)
Profit before income tax		**26,492**	1,006,457
Income tax benefit	**4**	**–**	288,883
Profit for the year		**26,492**	1,295,340
Other Comprehensive Income		**–**	–
Total comprehensive income for the year		**26,492**	1,295,340

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2017

Mahindra Automotive Australia Pty Limited (Unaudited)

	Note	**2017** $	2016 $
ASSETS			
Current assets			
Cash and cash equivalents	**5**	**479,351**	533,631
Trade and other receivables	**6**	**1,467,350**	2,740,769
Inventories	**7**	**9,682,030**	8,685,945
Total current assets		**11,628,731**	11,960,345
Non-current assets			
Net deferred tax	**4**	**288,883**	288,883
Plant and equipment	**8**	**212,827**	252,434
Total non-current assets		**501,710**	541,317
TOTAL ASSETS		**12,130,441**	12,501,662
LIABILITIES			
Current liabilities			
Trade and other payables	**9**	**6,087,477**	9,280,237
Borrowings	**10**	**2,750,000**	–
Provisions	**11**	**122,340**	77,293
Total current liabilities		**8,959,817**	9,357,530
TOTAL LIABILITIES		**8,959,817**	9,357,530
NET ASSETS		**3,170,624**	3,144,132
EQUITY			
Issued capital	**12**	**4,575,000**	4,575,000
Accumulated losses		**(1,404,376)**	(1,430,868)
TOTAL EQUITY		**3,170,624**	3,144,132

The accompanying notes form part of these financial statements.

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

Mahindra Automotive Australia Pty Limited (Unaudited)

	Issued Capital $	Accumulated Losses $	Total $
Balance at April 1, 2015	4,575,000	(2,726,208)	1,848,792
Total comprehensive profit for the year	–	1,295,340	1,295,340
Balance at March 31, 2016	4,575,000	(1,430,868)	3,144,132
Balance at April 1, 2016	4,575,000	(1,430,868)	3,144,132
Total comprehensive income for the year	–	26,492	26,492
Balance at March 31, 2017	**4,575,000**	**(1,404,376)**	**3,170,624**

The accompanying notes form part of these financial statements.

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

Mahindra Automotive Australia Pty Limited (Unaudited)

	Note	2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from sale of goods and rendering of services		**26,674,406**	24,899,127
Cash payments to suppliers and employees		**(26,325,748)**	(22,367,135)
Finance costs		**(17,468)**	(8,282)
Net cash (used in)/ provided by operating activities	**13**	**331,190**	2,523,710
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant & equipment		**(21,696)**	(37,818)
Net cash (used in)/provided by investing activities		**(21,696)**	(37,818)
CASH FLOWS FROM FINANCING ACTIVITIES			
External borrowings		**2,750,000**	–
Net financing from related party		**(3,113,774)**	2,123,307
Net cash (used in)/provided by financing activities		**(363,774)**	2,123,307
Net Increase/(decrease) in cash and cash equivalents		**(54,280)**	362,585
Cash and cash equivalents at beginning of year		**533,631**	171,046
Cash and cash equivalents at end of year	**5**	**479,351**	533,631

The accompanying notes form part of these financial statements.

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

Mahindra Automotive Australia Pty Limited (Unaudited)

1. Statement of significant accounting policies

General information

The financial report is a special purpose financial report prepared to satisfy the financial report preparation requirements of the Corporations Act 2001. The directors have determined that the company is not a reporting entity because in the opinion of the directors there are unlikely to exist users of the financial report who are unable to command the preparation of reports, tailored so as to satisfy specifically all of their information needs.

For the purposes of preparing the financial statements, the company is a for profit entity.

Mahindra Automotive Australia Pty Limited is a proprietary company limited by shares, incorporated and domiciled in Australia. The immediate and ultimate parent entity is Mahindra & Mahindra Limited incorporated in India.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated. Any changes in accounting policies compared to the previous financial year have been disclosed in the Notes to the financial statements.

Basis of preparation

The report has been prepared in accordance with the requirements of the Corporations Act 2001, the basis of accounting specified by all Accounting Standards and Interpretations, and the disclosure requirements of the following Accounting Standards:

AASB 101 : Presentation of Financial Statements

AASB 107 : Cash Flow Statements

AASB 108 : Accounting Policies, Changes in Accounting Estimates and Errors

AASB 1054 : Australian Additional Disclosures

The financial report has been prepared on an accruals basis and is based on historical costs, and financial assets and financial liabilities for which fair value basis of accounting has been applied. All amounts have been stated in Australian dollars.

Adoption of new and revised accounting standards

New and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) have not resulted in changes to the entity's accounting policies.

At the date of authorisation of the financial report, the Standards and Interpretations listed below were in issue but not yet effective. The potential impact of the new or revised Standards and Interpretations has not yet been determined.

Standard	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AAASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	31 March 2019
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 January 2018	31 March 2019
AASB 16 'Leases'	1 January 2019	31 March 2020
AASB 2016-1 'Amendments to Australian Accounting Standards- Recognition of Deferred Tax Assets	1 January 2017	31 March 2018
AASB 2016-2 'Amendments to Australian Accounting Standards- Disclosure Initiative: Amendments to AASB 107'	1 January 2017	31 March 2018

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Inventories

Stock on hand has been valued as follows:

New vehicles and tractors - at the lower of cost and net realisable value.

Spare parts and accessories - at the lower of cost price and net realisable value.

Demonstrator vehicles - at the lower of cost and net realisable value on a unit by unit basis.

(b) Financial instruments

Financial assets and financial liabilities are recognised on the company's balance sheet when the company becomes a party to the contractual provisions of the instrument.

i) Trade receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the initial fair value.

ii) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

iii) Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost.

(c) Income tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax assets and liabilities are recognised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and on unused tax losses. No deferred tax assets or liabilities will be recognised from the initial recognition of an asset or liability excluding a business combination, that at the time of the transaction did not affect either accounting or taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

(d) Revenue recognition

i) Sales revenue

Revenue from sale of goods is recognised when the buyer has accepted the risks and rewards of ownership by taking delivery of the goods.

ii) Goods and Services Tax

All revenue is stated net of the amount of goods and services tax (GST). Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable

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

Mahindra Automotive Australia Pty Limited (Unaudited)

from, or payable to, the taxation authority is classified as operating cash flows.

(e) Plant and equipment

i) Plant and equipment

Plant and equipment is measured on the cost basis less depreciation and impairment losses. Plant and equipment is measured initially at cost. Cost includes all directly attributable expenditure incurred including costs to get the asset ready for its use as intended by management. Costs includes an estimate of any expenditure expected to be incurred at the end of the asset's useful life. The following useful lives are used in the calculation of depreciation:

Plant and equipment	3 – 15 years
Furniture and fixtures	3 – 15 years
Motor Vehicles	4 – 8 years
Computer equipment	3 – 10 years

The carrying amount of plant and equipment is reviewed annually by directors for indications of impairment. If any such indications exist, an impairment test is carried out, and any impairment losses on the assets recognised.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

ii) Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives (commencing from the time the asset is ready for use). Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciable amount is the carrying value of the asset less estimated residual amounts. The residual amount is based on what a similar asset of the expected condition of the asset at the end of its useful life could be sold for. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred back to the income statement as part of the profit or loss on disposal.

(f) Employee benefits

Provisions are made for the company's liability for employee benefits arising from services rendered by employees to balance sheet date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later then one year have been measured at the nominal value.

(g) Critical judgements in applying the entity's accounting policies

The following are the critical judgements that management has made in the process of applying the accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

In determining the value of the deferred tax asset management have applied judgement regarding recoverbility of the asset in accordance with Note 1c.

(h) Comparative Information

Certain comparatives have been reclassified to conform with current year presentation.

		2017 $	2016 $
2	**Revenue**		
	Operating activities		
	– Sales revenue	25,382,668	22,314,113
	– Other revenue	18,318	160,294
	Total revenue	25,400,986	22,474,407
3	**Expenses**		
	Cost of sales	20,221,280	16,548,503
	Depreciation	61,302	50,476
	Employee benefits expense	1,749,346	1,601,888
	Consulting and professional fees	88,406	49,116
	Advertising	1,369,616	1,541,252
	Freight and cartage	386,354	300,481
	Travel	155,539	156,817
	Other expenses from ordinary activities	1,325,183	1,211,135
		25,357,026	21,459,668
4	**Income tax**		
	i) Prima facie tax on profit from ordinary activities		
	Prima facie tax payable on profit from ordinary activities before income tax at 30% (2016: 30%)	7,948	301,937
	Tax effect of:		
	– timing differences recognised in the current year	(7,948)	36,083
	– tax losses utilised in the current year	–	(338,020)
	– timing differences	–	288,883
	Income tax benefit	–	288,883
	ii) Deferred tax asset		
	– tax effect of timing differences	288,883	288,883
		288,883	288,883

		2017 $	2016 $
5	**Cash and cash equivalents**		
	Cash at bank	479,351	533,631
		479,351	533,631
6	**Trade and other receivables**		
	Amounts due from franchised dealers	1,361,739	2,727,978
	Provision for impairment of receivables	(4,522)	–
	Other receivables	110,133	12,791
		1,467,350	2,740,769

7 Inventory

	2017 $	2016 $
New vehicles and tractors - on hand	6,508,534	2,658,032
New vehicles and tractors - in transit	677,110	3,684,934
Demonstrator vehicles	94,635	52,067
Spare parts and accessories	2,401,751	2,290,912
	9,682,030	8,685,945

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

Mahindra Automotive Australia Pty Limited (Unaudited)

		2017 $	2016 $
8	**Plant and equipment**		
	Plant and equipment at cost	52,425	52,425
	Less: accumulated depreciation	(19,693)	(17,433)
		32,732	34,992
	Furniture and fixtures at cost	270,366	251,480
	Less: accumulated depreciation	(170,877)	(135,850)
		99,489	115,630
	Motor vehicles at cost	166,399	166,399
	Less: accumulated depreciation	(92,587)	(72,539)
		73,812	93,860
	Computer equipment at cost	50,580	47,773
	Less: accumulated depreciation	(43,786)	(39,821)
		6,794	7,952
	Total plant and equipment	212,827	252,434
9	**Trade and other payables**		
	CURRENT		
	Unsecured liabilities		
	Trade payables	649,387	858,072
	Other payables and accruals	1,439,740	1,310,041
	Related party payables	3,998,350	7,112,124
		6,087,477	9,280,237
10	**Borrowings**		
	CURRENT		
	Amounts payable to:		
	- Bank of America, N.A. Australian Branch	2,750,000	–
11	**Provisions**		
	CURRENT		
	Employee benefits	122,340	77,293
12	**Issued capital**		
	4,575,000 Ordinary shares fully paid (2016: 4,575,000)	4,575,000	4,575,000

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value.

Fully paid ordinary shares carry one vote per share and carry a right to dividends.

13 Auditors' remuneration

	2017 $	2016 $
Auditing services	40,000	40,700
Other services	2,200	1,500
	42,200	42,200

14 Cash flow information

(a) Reconciliation of cash flow from operations with profit from ordinary activities after tax

	2017 $	2016 $
Net profit for the year	26,492	1,295,340
Non-cash flows in profit from ordinary activities		
Depreciation	61,302	50,476
Net movement in deferred tax asset	–	(288,883)
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	1,273,419	590,310
(Increase)/decrease in inventories	(996,085)	(2,797,724)
(Decrease)/increase in trade payables and accruals (net of intercompany borrowings)	(78,986)	3,663,526
(Decrease)/increase in provisions	45,048	10,665
	331,190	2,523,710

15 Subsequent events

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

16 Company details

Registered office

The registered office and principal place of business of the company is:

Mahindra Automotive Australia Pty Limited

Unit 4/20 Buttonwood Place

Willawong, QLD 4110

DIRECTORS' DECLARATION FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

As detailed in Note 1 to the financial statements, the company is not a reporting entity because in the opinion of the directors there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, this "special purpose financial report" has been prepared to satisfy the directors' reporting requirements under the Corporations Act 2001.

The directors declare that:

(a) in the directors opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors

Pravin Kumar Shah

Jeffrey Ferdinands

Carlo Lacota

Mathew Hayden

Date : 8th May, 2017

Place:

STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

Mahindra Automotive Australia Pty Limited (Unaudited)

	Note	**2017** $	**2017** **INRs**	2016 $	2016 INRs
Sales revenue	**2**	**25,382,668**	**1,257,711,199**	22,314,113	1,105,664,299
Other revenue	**2**	**18,318**	**907,657**	160,294	7,942,568
Finance Costs		**(17,468)**	**(865,539)**	(8,282)	(410,373)
Expenses	**3**	**(25,357,026)**	**(1,256,440,638)**	(21,459,668)	(1,063,326,549)
Profit before income tax		**26,492**	**1,312,679**	1,006,457	49,869,945
Income tax benefit	**4**	**–**	**–**	288,883	14,314,153
Profit for the year		**26,492**	**1,312,679**	1,295,340	64,184,097
Other Comprehensive Income		**–**	**–**	–	–
Total comprehensive income for the year		**26,492**	**1,312,679**	1,295,340	64,184,097

These are not part of audited financial statements. All amounts have been stated in Australian dollars and also Indian Rupee. Australian dollar amounts are translated for convenience into Indian Rupees at the exchange rate of $1AUD = Rs. 49.55 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.

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2017

Mahindra Automotive Australia Pty Limited (Unaudited)

	Note	2017 $	2017 INRs	2016 $	2016 INRs
ASSETS					
Current assets					
Cash and cash equivalents	5	**479,351**	**23,751,842**	533,631	26,441,416
Trade and other receivables	6	**1,467,350**	**72,707,193**	2,740,769	135,805,103
Inventories	7	**9,682,030**	**479,744,587**	8,685,945	430,388,575
Total current assets		**11,628,731**	**576,203,622**	11,960,345	592,635,094
Non-current assets					
Net deferred tax	4	**288,883**	**14,314,153**	288,883	14,314,153
Plant and equipment	8	**212,827**	**10,545,578**	252,434	12,508,105
Total non-current assets		**501,710**	**24,859,731**	541,317	26,822,258
TOTAL ASSETS		**12,130,441**	**601,063,353**	12,501,662	619,457,352
LIABILITIES					
Current liabilities					
Trade and other payables	9	**6,087,477**	**301,634,485**	9,280,237	459,835,743
Borrowings	10	**2,750,000**	**136,262,500**	–	–
Provisions	11	**122,340**	**6,061,947**	77,293	3,829,868
Total current liabilities		**8,959,817**	**443,958,932**	9,357,530	463,665,611
TOTAL LIABILITIES		**8,959,817**	**443,958,932**	9,357,530	463,665,611
NET ASSETS		**3,170,624**	**157,104,421**	3,144,132	155,791,741
EQUITY					
Issued capital	12	**4,575,000**	**226,691,250**	4,575,000	226,691,250
Accumulated losses		**(1,404,376)**	**(69,586,829)**	(1,430,868)	(70,899,509)
TOTAL EQUITY		**3,170,624**	**157,104,421**	3,144,132	155,791,741

These are not part of audited financial statements. All amounts have been stated in Australian dollars and also Indian Rupee. Australian dollar amounts are translated for convenience into Indian Rupees at the exchange rate of $1AUD = Rs. 49.55 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.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Twelfth Report, together 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
Revenue	**7,428.36**	8,409.55
Profit/(Loss) before Interest, Commitment, Finance Charges and Taxation	**2,036.87**	2,167.76
Less : Interest, Commitment and Finance Charges	**0.17**	2.51
Profit/(Loss) before Taxation	**2,036.70**	2,165.25
Less : Provision for Taxation for the year		
– Current Tax	**693.05**	744.00
– Deferred Tax	**(7.83)**	(1.30)
Profit/(Loss) after Tax	**1,351.48**	1,422.55
Dividend paid on Equity Shares	**(1,180.00)**	(1,140.00)
Tax on Dividend paid	**(240.22)**	(232.07)
Transfer to General Reserve	**–**	–
Profit/(Loss) of earlier year	**1,809.28**	1,758.80
Profit carried forward to Balance Sheet	**1,740.54**	1,809.28
Networth	**2,253.04**	2,321.78

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 Financial Year ended 31st March, 2017, total income of your Company was reduced to Rs. 74.28 crores from Rs. 84.10 crores in Financial Year ended 31st March, 2016, reflecting a reduction of approximately 12%. The key reason for this was ageing of the car park of the models for which the Company provides the spare parts for. Another reason was the economic slowdown that impacted business performance right across domestic industries. Forex hedging, strong cost management and superior returns from investible surpluses helped in reducing the impact on margins and profitability. Additionally the appreciation of the Indian Rupee at end of the year also aided this.

Your Company continues to have amongst industry best performance parameters related to fulfilling dealer and stockist orders measured by first fill rates (FFR) providing a high level of customer satisfaction.

During the year, your Company has been able to manage inventory levels with continued focus without adversely affecting the first fill rates.

DIVIDEND

The Board of Directors have recommended final equity dividend of Rs. 112.20 per share on 10 Lakhs Equity Shares of the Company of face value of Rs. 10/- each, aggregating to an amount of Rs. 1,122 Lakhs for the approval of shareholders.

OUTLOOK

Your Company will continue to focus on maintaining its high first fill rates whilst at the same time focus on lower inventories and be efficient in usage of capital employed.

A significant part of your Company's purchases is imported and hence, your Company's profitability may be impacted due to high volatility in exchange rates. However, your Company will continue to attempt to reduce the impact through suitable foreign exchange management strategies.

Your Company will also continue to explore various other avenues to increase its presence in the automobile distribution system.

SHARE CAPITAL

The paid up Equity Share Capital as on 31st March, 2017 was Rs. 1 Crore divided into 10,00,000 Equity Shares of Rs. 10/- each. During the year under review the Company has not issued any shares or any convertible instruments.

CHANGE IN HOLDING COMPANY

7,40,000 Equity Shares of Rs. 10/- each held by Mahindra and Mahindra Limited were transferred to Mahindra Trucks and Buses Limited on 29th March, 2017, pursuant to which the Company has become a subsidiary of Mahindra Trucks and Buses Limited with effect from the said date. Mahindra and Mahindra Limited remains to be the Ultimate holding Company of the Company.

BOARD OF DIRECTORS

The Composition of the Board is as follows:

Sr. No.	Name of Director & DIN	Designation	Executive/ Non Executive	Independent/ Non Independent
1.	Mr. P. N. Shah (DIN: 00056173)@	Chairman	Non Executive	Non Independent
2.	Mr. Hemant Sikka (DIN: 00922281)*	Chairman	Non Executive	Non Independent
3.	Mr. Nikhil Sohoni (DIN: 06852639)**	Director	Non Executive	Non Independent
4.	Mr. Bharat Moossaddee (DIN: 02166403)#	Director	Non Executive	Non Independent
5.	Mr. Ketan Doshi (DIN: 03083483)	Director	Executive Director	Non Independent

@ Ceased as Director and Chairman with effect from 1st April, 2017

Appointed as an Additional Director with effect from 21st April, 2017

* Appointed as Chairman of the Board with effect from 24th April, 2017

** Ceased as Director with effect from close of working hours on 24th April, 2017

Mr. P. N. Shah resigned as a Director and Chairman of the Company with effect from 1st April, 2017.

Mr. Bharat Moossaddee was appointed as an Additional Director of the Company with effect from 21st April, 2017 to hold office upto the date of the ensuing Annual General Meeting of the Company. 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. Bharat Moossaddee for his appointment as a Director at the ensuing Annual General Meeting.

Mr. Nikhil Sohoni resigned as a Director of the Company with effect from close of working hours on 24th April, 2017.

Mr. Hemant Sikka was appointed as the Chairman of the Company with effect from 24th April, 2017.

The Board places on record its sincere appreciation and acknowledges the valuable contribution and guidance provided by Mr. P. N Shah and Mr. Nikhil Sohoni during their association with the Company as Directors.

Mr. Hemant Sikka retires by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offers himself for re-appointment.

MEETINGS OF THE BOARD

Your Board of Directors met five times during the year under review i.e. on 25th April, 2016, 26th July, 2016, 20th October, 2016, 23rd January, 2017 and 20th 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	No. of meetings attended out of 5
Mr. P. N. Shah*	4
Mr. Nikhil Sohoni**	4
Mr. Hemant Sikka	4
Mr. Bharat Moossaddee#	–
Mr. Ketan Doshi	4

* Resigned with effect from 1st April, 2017

Appointed with effect from 21st April, 2017

** Resigned with effect from close of working hours on 24th April, 2017

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 134(3)(c) of the Companies Act, 2013, your Directors based on the representation received from the Operating Management and after due enquiry, confirm that:

(a) in the preparation of the annual accounts, the applicable accounting standards have been followed;

(b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

(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 prepared the annual accounts on a going concern basis; and

(e) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CODES OF CONDUCT

Your Company has adopted separate Codes of Conduct for Corporate Governance for its Directors and Senior Management Personnel and Employees ("the Codes"). The Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

Your Company has for the year under review, received declarations under the Codes from the Directors and the Senior Management Personnel and Employees of the Company affirming compliance with the respective Codes.

KEY MANAGERIAL PERSONNEL

Your Company is not required to appoint any Key Managerial Person as it does not fall in the class of companies which shall have whole-time key managerial personnel in accordance with Section 203 of the Companies Act, 2013. However, your Company has designated Mr. Ketan Doshi, Whole-time Director of the Company and Ms. Pallavi Ogale, Company Secretary as Key Managerial Personnel of the Company in accordance with the provisions of Section 203 of the Companies Act, 2013.

AUDIT COMMITTEE

Your Company is not required to constitute an Audit Committee as it does not fall under such class of Companies which is required to constitute an Audit Committee as prescribed under Section 177 of Companies Act, 2013. However as a matter of good Corporate Governance and voluntary initiative, your Company continues to have an Audit Committee.

The Committee was re-constituted with effect from 21st April, 2017 with induction of Mr. Bharat Moossaddee as member in place of Mr. P. N. Shah. The Committee presently comprises of Mr. Nikhil Sohoni, Mr. Hemant Sikka and Mr. Bharat Moossaddee as its members.

The Committee met thrice during the year i.e on 25th April, 2016, 20th October, 2016 and 23rd January, 2017.

The attendance at the meetings of the Audit Committee was as follows:

Director	Designation	No. of meetings attended out of 3
Mr. Nikhil Sohoni**	Chairman	3
Mr. P. N. Shah*	Member	3
Mr. Hemant Sikka	Member	3
Mr. Bharat Moossaddee#	Member	–

* Ceased with effect from 1st April, 2017

\# Appointed with effect from 21st April, 2017

** Ceased with effect from close of working hours on 24th April, 2017

NOMINATION AND REMUNERATION COMMITTEE

Your Company is not required to constitute a Nomination and Remuneration Committee as it does not fall under such class of Companies which is required to constitute a Nomination and Remuneration Committee as prescribed under Section 178 of Companies Act, 2013. However, as a matter of good Corporate Governance and a voluntary initiative your Company continues to have a Nomination and Remuneration Committee.

The Committee was re-constituted with effect from 21st April, 2017 with induction of Mr. Bharat Moossaddee as member in place of Mr. P. N. Shah. The Committee presently comprises of Mr. Hemant Sikka (Chairman), Mr. Bharat Moossaddee and Mr. Nikhil Sohoni as its members.

The Nomination & Remuneration Committee met once during the year i.e on 20th October, 2016 which was attended by all the members i.e. Mr. Hemant Sikka (Chairman), Mr. P. N. Shah and Mr. Nikhil Sohoni.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee was re-constituted with effect from 21st April, 2017 with induction of Mr. Bharat Moossaddee as member in place of Mr. P. N. Shah. The Committee presently comprises of Mr. Hemant Sikka, Mr. Bharat Moossaddee and Mr. Ketan Doshi, as its members.

The Corporate Social Responsibility Committee met twice during the year i.e on 25th April, 2016 and 20th December, 2016.

The attendance at the meetings of the Corporate Social Responsibility Committee was as follows:

Director	Designation	No. of meetings attended
Mr. P. N. Shah*	Chairman	2
Mr. Ketan Doshi	Member	2
Mr. Hemant Sikka**	Chairman	2
Mr. Bharat Moossaddee#	Member	-

* Ceased with effect from 1st April, 2017

** Appointed as Chairman with effect from 21st April, 2017

\# Appointed with effect from 21st April, 2017

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 the Companies Act, 2013.

The objective of this policy is to promote a unified and strategic approach to CSR across the Company by incorporating under one 'Rise for Good' umbrella the diverse range of its philanthropic giving, identifying select constituencies and causes to work with, thereby ensuring a high social impact. The Policy also seeks to ensure an increased commitment at all levels in the organisation, by encouraging employees to participate in the Company's CSR and give back to society in an organised manner.

In the current year, the CSR spend of your Company was Rs. 42.96 Lakhs. The focus was on improvement in the domains of education, health and environment within the vicinity of work place.

The emphasis was on promoting preventive health care, sanitation and making available safe drinking water.

Annual Report on Corporate Social Responsibility activities of the Company is furnished in Annexure I and attached to this report.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

During the year under review, Human Resources and Industrial Relations remained cordial.

RISK MANAGEMENT POLICY

Your Company has formulated a Risk Management Policy including 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.

AUDITORS

M/s. Deloitte Haskins & Sells, Chartered Accountants, (Firm Registration No. 117364W) were appointed as Auditors for a period of 5 years i.e. from the conclusion of the ninth Annual General Meeting until the conclusion of the fourteenth Annual General Meeting.

M/s. Deloitte Haskins & Sells has expressed their unwillingness to continue as statutory Auditors of the Company.

The Company has received a special notice under section 140(4)(i) of Companies Act, 2013 from a shareholder of the Company, proposing the appointment of M/s. B. K. Khare & Co, as Auditors in place of M/s. Deloitte Haskins & Sells.

The Board has also recommended to the shareholders, the appointment of M/s. B. K. Khare & Co. Chartered Accountants (Firm Registration No. 105102W) as Auditors for a period of 5 years i.e. from the conclusion of the Twelfth Annual General Meeting until the conclusion of the Seventeenth Annual General Meeting of the Company.

M/s. B. K. Khare & Co, have given their written consent to act as Statutory Auditors of your Company if appointed and have also confirmed that the said appointment would be in conformity with the provisions of Section 139 and 141 of Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014.

There were no qualifications, reservations or adverse remarks made by the Statutory Auditors in their Report for the financial year 2016-17.

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.

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 II to this Report.

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

Your Company has not accepted any deposits covered under Chapter V of the Companies Act, 2013, from the public, or its employees, during the year.

Your Company has neither given any loans, guarantee or provided any security in connection with a loan nor made any investments covered under the provisions of Section 186 of the Companies Act during the year under review.

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

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

All contracts/arrangements/transactions entered into by the Company with related parties were in the ordinary course of business and on arms' length basis. During the year under review, the Company has not entered into any contracts/arrangements/transactions with related parties which could be considered material.

Hence pursuant to Section 134(3)(h) there are no transactions requiring reporting of the particulars thereof in the report.

EXTRACT OF ANNUAL RETURN:

As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in MGT-9 is provided as Annexure III which forms a part of this Annual Report.

INTERNAL CONTROLS

Your Company has implemented an Internal Financial Control with reference to Financial Statements, commensurate with the size, scale and complexity of its operations. Corporate Management Services Department of the ultimate holding Company, Mahindra and Mahindra Limited, regularly conducts reviews to assess the adequacy of financial and operating controls for various businesses of the Company. Significant issues, if any, are brought to the attention of the Audit Committee. Statutory Auditors and representative(s) from Corporate Management Services of Mahindra and Mahindra Limited are invited to attend Audit Committee meetings.

SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE

Your Company's commitment towards safety, health and environment is being continuously enhanced and persons working at warehouse are given adequate training on safety and health. The requirements relating to various environmental legislations and environment protection have been duly complied with by your Company.

THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

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

GENERAL DISCLOSURES

Your Directors state that no disclosure or reporting is required in respect of the following items as they were not applicable to your Company during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of Shares (Including Sweat Equity Shares) to employees of the Company under any Scheme.
3. There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.
4. Disclosure of remuneration of employees under Section 197(12) of the Companies Act, 2013 read with Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, since your Company is an unlisted Company.

No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.

ACKNOWLEDGEMENTS

Your Directors acknowledge the co-operation and assistance received from the shareholders of the Company, vendors, dealers, bankers, employees and Government authorities for their support during this crucial year of the operation of the Company.

For and on behalf of the Board

Hemant Sikka
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 and a reference to the web-link to the CSR policy and projects or Programmes.

The objective of your Company's CSR policy is to –

- Promote a unified and strategic approach to CSR across the Company by incorporating under one 'Rise for Good' umbrella the diverse range of its philanthropic giving, identifying select constituencies and causes to work with, thereby ensuring a high social impact.
- Ensure an increased commitment at all levels in the organisation, by encouraging employees to participate in the Company's CSR and give back to society in an organised manner through the employee volunteering programme called ESOPs.

(2) The Composition of the CSR Committee.

Mr. Hemant Sikka (Chairman)

Mr. Ketan Doshi

Mr. Bharat Moossaddee

(3) Average net profit of the Company for last three financial years *(Rupees in lakhs)*

Particulars	F.Y.-16	F.Y.-15	F.Y.-14	Average
Profit Before Tax	2,165.25	2,060.91	2,059.94	2,095.37

(4) Prescribed CSR Expenditure (two per cent. Of the amount as in item 3 above): Rs. 41.91 Lakhs

(5) Details of CSR spent during the financial year.

(a) Total amount to be spent for the financial year: Rs. 42.96 Lakhs

(b) Amount unspent, if any; Nil

(c) Manner in which the amount spent during the financial year is detailed below:

- Water tank cleaning and facility for drinking water.
- Sanitation for school children (Toilets and urinals).
- Construction of compound wall (Security).
- Providing Education support to Girl child.

Sr. No.		1.	2.	Total
(1)	CSR project or activity identified	Jilla Parishad School, Ozar, Janori, Shezalwadi	Contribution to K. C. Mahindra Education Trust	
(2)	Sector in which the project is covered	Sanitation Facility	Education	
(3)	Projects or programme (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Local Ozar, Maharashtra	Other Udaipur & Pratapgarh, Rajasthan	
(4)	Amount outlay (budget project or programme wise)	Rs. 20.71 Lakhs	Rs. 20.70 Lakhs	Rs. 41.41 Lakhs
(5)	Amount spent on the project or programme Sub Heads; (1) Direct expenditure on projects or programmes (2) Overheads	Rs. 22.03 Lakhs Nil	Rs. 20.93 Lakhs Nil	Rs. 42.96 Lakhs Nil
(6)	Cumulative expenditure up to the reporting period	Rs. 22.03 Lakhs	Rs. 20.93 Lakhs	Rs. 42.96 Lakhs
(7)	Amount Spent direct or through implementing agency	Direct	Paid to K. C. Mahindra Education Trust (implementing Agency)	

* Give details of implementing agency:

K. C. Mahindra Education Trust: Providing education support to girl child

(6) In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.: **Not Applicable**

(7) Your Company's Corporate Social Responsibility Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Sd/-	Sd/-
Ketan Doshi Whole-time Director	**Hemant Sikka** Chairman of CSR Committee

Mumbai, 24th April, 2017

ANNEXURE II 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-

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

The operations of your Company are not energy-intensive, as the Company utilises the services of a third party for packaging of the spare parts. However, the Company constantly reviews the consumption of electricity and its rationalization.

(ii) The steps taken by the Company for utilizing alternate sources of energy:

Not Applicable

(iii) The capital investment on energy conservation equipment: Nil

(B) Technology absorption:

(i) The efforts made towards technology absorption: None

(ii) The benefits derived like product improvement, cost reduction, product development or import substitution: Not Applicable

(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year: Not Applicable

(iv) The expenditure incurred on Research and Development: Nil

(C) Foreign exchange earnings and Outgo

The Foreign Exchange earned in terms of actual inflows during the year: Rs. 50.84 Lacs

The Foreign Exchange outgo during the year in terms of actual outflows: Rs. 1,428.99 Lacs

For and on behalf of the Board

Hemant Sikka
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:

i)	CIN:-	U34100MH2005PTC153702
ii)	Registration Date	02/06/2005
iii)	Name of the Company	Mahindra Automobile Distributor Private Limited
iv)	Category/Sub-Category of the Company	Company limited by shares/Non-Government Indian Company
v)	Address of the Registered office and contact details	Gateway Building, Apollo Bunder, Mumbai 400 001. Tel: +91 22 22021031 Fax: +22 22875485
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	Sale of motor vehicle parts and accessories	**45300**	**100%**

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1.	*Mahindra Trucks and Buses Limited Gateway Building, Apollo Bunder, Mumbai 400 001	U63040MH1994PLC079098	HOLDING	74%	2(46)
2.	Mahindra and Mahindra Limited Gateway Building, Apollo Bunder, Mumbai 400 001	L65990MH1945PLC004558	Ultimate Holding Company	–	

* Holding company with effect from 29th 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				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.	–	9,50,000	9,50,000	95	7,40,000	2,10,000	9,50,000	95	
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other…	–	–	–	–	–	–	–	–	–
Sub-total A(1):-	–	9,50,000	9,50,000	95	7,40,000	2,10,000	9,50,000	95	–
(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)	–	**9,50,000**	**9,50,000**	**95**	**7,40,000**	**2,10,000**	**9,50,000**	**95**	–
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	–	50,000	50,000	5	50,000	0	50,000	5	–
b) Individual									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh									
Sub-total (B)(2):-		**50,000**	**50,000**	**5**	**50,000**	**0**	**50,000**	**5**	–
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	**50,000**	**50,000**	**5**	**50,000**	**0**	**50,000**	**5**	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)		**10,00,000**	**10,00,000**	**100**	**7,90,000**	**2,10,000**	**10,00,000**	**100**	–

(ii) Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in 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	7,40,000	74	Nil	–	–	–	–
2	Mahindra Trucks and Buses Limited	–	–	Nil	7,40,000	74	Nil	–
3	Mahindra Holdings Limited	2,10,000	21	Nil	2,10,000	21	Nil	–
	Total	**9,50,000**	**95**	**Nil**	**9,50,000**	**95**	**Nil**	–

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

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1.	**Mahindra and Mahindra Limited**				
	At the beginning of the year	7,40,000	74	–	–
	Date wise Increase/Decrease in promoters shareholding during the year specifying the reasons for increase/decrease.	–	–	–	–
	Decrease- Shares transferred to Mahindra Trucks and Buses Limited on 29th March, 2017.	–	–	7,40,000	74
	At the End of the year	–	–	NIL	NIL
2.	**Mahindra Trucks and Buses Limited**				
	Date wise Increase/Decrease in promoters shareholding during the year specifying the reasons for increase/decrease.	–	–	–	–
	Increase- Shares transferred from Mahindra and Mahindra Limited on 29th March, 2017.	–	–	7,40,000	74
	At the End of the year	–	–	7,40,000	74

Shares held by Mahindra and Mahindra Limited were transferred to Mahindra Trucks and Buses Limited on 29th March, 2017. However, Mahindra Trucks and Buses Limited is a subsidiary of Mahindra and Mahindra Limited.

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

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	Infina Finance Private Limited				
	At the beginning of the year	50,000	5	50,000	5
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc):	–	–	–	–
	At the end of the year (or on the date of separation, if separated during the year)	50,000	5	50,000	5

(v) Shareholding of Directors and Key Managerial Personnel:

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

V. INDEBTEDNESS

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

PARTICULARS	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
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	Nil	Nil	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:

(Rupees in Lakhs)

Sr. No.	Particulars of Remuneration	Ketan Doshi, Whole-time Director	Total Amount
1.	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	60.52	60.52
	(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)	60.52	60.52
	Ceiling as per the Act	As per Schedule V of Companies Act, 2013	

B. Remuneration of other Directors: **(Rupees in Lakhs)**

Particulars of Remuneration	Name of Directors				Total Amount
	P. N. Shah**	**Hemant Sikka**	**Bharat Moossaddee***	**Nikhil Sohoni#**	
1. Independent Directors • Fee for attending board/committee meetings	Not Applicable	Not Applicable	Not Applicable	Not Applicable	
• Commission	–	–	–	–	–
• Others, please specify	–	–	–	–	–
Total (1)	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
2. Other Non-Executive Directors					
• Fee for attending board/committee meetings	NIL	NIL	NIL	NIL	NIL
• Commission	–	–	–	–	–
• Others, please specify	–	–	–	–	–
Total (2)	NIL	NIL	NIL	NIL	NIL
Total B = (1+2)	NIL	NIL	NIL	NIL	NIL
Ceiling as per the Act	As per Schedule V of Companies Act, 2013				

** Ceased with effect from 1st April, 2017

* Appointed with effect from 21st April, 2017

Ceased with effect from closure of working hours on 24th April, 2017

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(Rupees in Lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel	Total Amount
		Pallavi Ogale, Company Secretary	
1.	Gross Salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	46.20	46.20
	(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		
	Total	**46.20**	**46.20**

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

For and on behalf of the Board

Hemant Sikka
Chairman

Mumbai, 24th April, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
MAHINDRA AUTOMOBILE DISTRIBUTOR PRIVATE LIMITED

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Mahindra Automobile Distributor 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 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 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 on its financial position in its 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 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)

Kedar Raje
Partner
(Membership No. 102637)

Place: Mumbai
Date: 24th April, 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 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 **Mahindra Automobile Distributor 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.

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)

Kedar Raje
Partner
(Membership No. 102637)

Place: Mumbai
Date: 24th April, 2017

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date)

i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) The fixed assets have been physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the assets at reasonable intervals. According to information and explanations given to us, no material discrepancies were noticed on such verification.

(c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause 3 (i)(c) of the CARO 2016 is not applicable.

ii. As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.

iv. 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. The Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013.

vi. The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013, being a deemed manufacturer as per Section 4A of Central Excise Act 1944. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under Sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

vii. According to the information and explanations given to us, in respect of statutory dues:

i. The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

ii. 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.

iii. 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. 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 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 3 (ix) of the CARO 2016 Order is not applicable.

x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

xi. The Company is a private company and hence the provisions of Section 197 of the Companies Act, 2013 do not apply to the Company.

xii. The Company is not a Nidhi Company and hence reporting under clause 3 (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 Section 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the IND AS financial statements etc. as required by the applicable Indian 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 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. 117364W)

Kedar Raje
Partner
(Membership No. 102637)

Place: Mumbai
Date: 24th April, 2017

BALANCE SHEET AS AT MARCH 31, 2017

Rs. Lakhs

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
A **ASSETS**				
1 **Non-current assets**				
(a) Property, Plant and Equipment	**3**	**29.43**	12.91	14.78
(b) Financial Assets				
(i) Investments	**4**	**499.98**	–	–
(c) Deferred tax assets (net)	**5**	**9.14**	1.30	–
(d) Other non-current assets	**6**	**1.85**	1.85	1.85
Total Non-Current Assets		**540.40**	16.06	16.63
2 **Current assets**				
(a) Inventories	**7**	**469.11**	612.24	646.70
(b) Financial Assets				
(i) Investments	**8**	**494.44**	498.60	1,423.93
(ii) Trade receivables	**9**	**86.01**	108.12	23.27
(iii) Cash and cash equivalents	**10**	**114.71**	223.53	1,172.62
(iv) Loans	**11**	**1,500.00**	1,900.00	–
(v) Other financial assets	**12**	**2.28**	5.93	9.99
(c) Other current assets	**13**	**14.11**	25.82	14.63
Total Current Assets		**2,680.66**	3,374.24	3,291.14
Total Assets (1+2)		**3,221.06**	3,390.30	3,307.77
B **EQUITY AND LIABILITIES**				
1 **Equity**				
(a) Equity Share capital	**14**	**100.00**	100.00	100.00
(b) Other Equity	**15**	**2,153.04**	2,221.78	2,171.30
Total equity		**2,253.04**	2,321.78	2,271.30
LIABILITIES				
2 **Non-current liabilities**				
(a) Financial Liabilities				
(i) Other financial liabilities	**16**	**2.00**	2.00	2.00
(b) Provisions	**17**	**9.18**	5.90	4.41
Total Non-Current Liabilities		**11.18**	7.90	6.41
3 **Current liabilities**				
(a) Financial Liabilities				
(i) Trade payables	**18**	**618.63**	767.15	719.27
(b) Current Tax Liabilities (Net)	**19**	**32.30**	41.75	44.20
(c) Other current liabilities	**20**	**305.91**	251.72	266.59
Total Current Liabilities		**956.84**	1,060.62	1,030.06
Total Equity and Liabilities (1+2+3)		**3,221.06**	3,390.30	3,307.77

The accompanying notes 1 to 35 are an integral part of Financial Statements.

In terms of our report attached.

For Deloitte Haskins & Sells
Chartered Accountants

Kedar Raje
Partner

Place : Mumbai
Date : 24th April, 2017

For and on behalf of the Board of Directors

Hemant Sikka Chairman

Bharat Moossaddee Director

Ketan Doshi CEO & Wholetime Director

Pallavi Ogale Company Secretary

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

Rs. Lakhs

	Particulars	Note No.	For the year ended March 31, 2017	For the year ended March 31, 2016
	Continuining Operations			
I	Revenue from operations	21	**7,204.32**	8,199.11
II	Other Income	22	**224.04**	210.44
III	**Total Revenue (I + II)**		**7,428.36**	8,409.55
IV	**EXPENSES**			
	(a) Purchases of Stock-in-trade		**3,055.64**	3,839.41
	(b) Changes in stock of finished goods	23	**143.13**	34.45
	(c) Excise duty on sale of goods		**809.49**	899.39
	(d) Employee benefit expense	24	**43.53**	38.80
	(e) Finance costs	25	**0.17**	2.51
	(f) Depreciation and amortisation expense	3	**2.23**	1.87
	(g) Other expenses	26	**1,337.47**	1,427.87
	Total Expenses		**5,391.66**	6,244.30
V	**Profit before tax (III - IV)**		**2,036.70**	2,165.25
VI	**Tax Expense**			
	(1) Current tax	27	**693.05**	744.00
	(2) Deferred tax	27	**(7.83)**	(1.30)
	Total tax expense		**685.22**	742.70
VII	**Profit for the period (V - VI)**		**1,351.48**	1,422.55
VIII	**Other comprehensive income**		**–**	–
IX	**Total comprehensive income for the period (VII + VIII)**		**1,351.48**	1,422.55
X	**Earnings per equity share**			
	(1) Basic	28	**135.15**	142.26
	(2) Diluted	28	**135.15**	142.26

The accompanying notes 1 to 35 are an integral part of Financial Statements.

In terms of our report attached.

For Deloitte Haskins & Sells
Chartered Accountants

Kedar Raje
Partner

Place : Mumbai
Date : 24th April, 2017

For and on behalf of the Board of Directors

Hemant Sikka Chairman

Bharat Moossaddee Director

Ketan Doshi CEO & Wholetime Director

Pallavi Ogale Company Secretary

CASH FLOW STATEMENT - INDIRECT METHOD

Rs. Lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Cash flows from operating activities		
Profit before tax for the year	**2,036.70**	2,165.25
Adjustments for:		
Finance costs recognised in profit or loss	**0.17**	2.51
Interest income	**(104.48)**	(142.09)
Dividend income	**(61.01)**	(54.06)
(Gain)/Loss on sale of investments (Net)	**(7.71)**	(2.71)
Marked to market (gain)/loss on current investment	**0.23**	0.34
Depreciation and amortisation of non-current assets	**2.23**	1.87
Unrealised foreign exchange (gain)/loss	**(2.51)**	(1.11)
Movements in working capital:		
Increase in trade and other receivables	**22.28**	(84.74)
(Increase)/decrease in inventories	**143.14**	34.45
(Increase)/decrease in other assets	**11.70**	(11.19)
Decrease in trade and other payables	**(88.73)**	35.51
Cash generated from operations	**1,952.01**	1,944.03
Income taxes paid	**(702.50)**	(746.45)
Net cash generated by operating activities	**1,249.51**	1,197.58
Cash flows from investing activities		
Capital Expenditure	**(18.75)**	–
Payments to acquire financial assets - Mutual Fund	**(79,609.57)**	(60,075.00)
Proceeds on sale of financial assets - Mutual Fund	**79,613.50**	61,000.34
Profit/(loss) on sale of mutual funds	**7.71**	2.37
Interest received	**108.14**	146.15
Other dividends received	**61.01**	54.06
Inter corporate Deposits given	**(2,310.00)**	(1,900.00)
Inter corporate Deposits received	**2,710.00**	–
Non current investment in equity shares	**(499.98)**	–
Net cash (used in)/generated by investing activities	**62.06**	(772.08)
Cash flows from financing activities		
Dividend and tax paid	**(1,420.22)**	(1,372.08)
Interest paid	**(0.17)**	(2.51)
Net cash used in financing activities	**(1,420.39)**	(1,374.59)
Net decrease in cash and cash equivalents	**(108.82)**	(949.09)
Cash and cash equivalents at the beginning of the year	**223.53**	1,172.62
Cash and cash equivalents at the end of the year	**114.71**	223.53

In terms of our report attached.

For Deloitte Haskins & Sells
Chartered Accountants

Kedar Raje
Partner

Place : Mumbai
Date : 24th April, 2017

For and on behalf of the Board of Directors

Hemant Sikka Chairman

Bharat Moossaddee Director

Ketan Doshi CEO & Wholetime Director

Pallavi Ogale Company Secretary

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

1. Nature of Operations

Mahindra Automobile Distributor Private Limited is in the business of trading in Spare Parts. It deals in spare parts required for four wheelers. The Company undertakes procurement, warehousing management, logistics and sale of imported and local spare parts. It has a network of dealers spread across India to ensure timely availability of spare parts to the customers. The Company also exports spare parts in small quantities. It mainly follows a cash & carry business model.

2. Significant Accounting Policies

2.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (IndAS) notified under the companies (Indian Accounting standards) Rules, 2015, as amended by the Companies (Indian Accounting Standards) Rules, 2016. The Company adopted Ind AS from 1st April, 2016.

The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency. All values are rounded to the nearest lakh.

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 where the transition date is 01st 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.

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 Use of estimates

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.

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:

2.4 First-time adoption of Ind AS – 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.

(i) 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).

(ii) Deemed cost for property, plant and equipment

The Company has not elected the exemption of previous GAAP carrying value of all its Property, Plant and Equipment recognised as of 1 April 2015 (transition date) as deemed cost. Consequently, cost in respect of property, plant and equipment has been retrospectively remeasured in accordance with Ind AS.

(iii) 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 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.

(iv) Determining whether an arrangement contains a lease

Company has taken exemption to assess if an arrangement contains a lease based on facts and circumstances as on transition date i.e. 01st April, 2015.

2.5 Revenue recognition

Sale of goods and services

Sale of products and income from services rendered are recognised when the products are shipped or services rendered. Revenues are presented on gross amount and indirect taxes i.e. excise duty is shown under expenditure.

Dividend and interest income

Revenue also includes dividend on financial assets at FVTPL and is recognised immediately on receipt in case of mutual fund. Dividend in case of investment in equity shares are recognized when the right to receive the dividends is established.

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.

2.6 Employee benefits

For defined benefit retirement benefit plans, liability towards gratuity is determined using the projected unit credit method which considers each period of service as giving rights to an additional unit of benefit entitlement and measure each unit separately to build up the final obligation. Past services are recognized on straight line basis over the average period until the benefit becomes vested. Actuarial gains

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

and losses are recognized immediately in the statement of profit and loss account as income or expenses. Obligation is measured at the present value of estimated future cash flow using discount rate i.e. determined by reference to market to yield at the balance sheet date on government bonds where the currency and terms of bonds are consistent with the currency and estimated terms of the defined benefit obligation.

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.

2.7 Taxation

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 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 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.

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 Property, plant and equipment

All tangible fixed assets are carried at cost of acquisition less depreciation less accumulated impairment, if any.

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

Depreciation on assets is calculated on Straight Line Method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

General plant and machinery Tool – 8 years

Vehicle – 5 years

2.9 Impairment of assets

At the end of each reporting period, the management 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 management 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.

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.

2.10 Inventories

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

Finished goods produced and purchased for sale, manufactured components and work-in-progress are carried at cost or net realizable value, whichever is lower.

2.11 Provisions

Provisions are recognised when the entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the entity 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 entity 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).

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

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.

2.12 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.

2.13 Financial Assets

Financial assets at fair value through other comprehensive income (FVTOCI)

On initial recognition, the Company has made an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is made since the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

The Company has equity investments in one entity which is not held for trading. The Company has elected the FVTOCI irrevocable option for this investment.

A financial asset is held for trading only if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument 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. Dividends recognised in profit or loss are included in the 'Other income' line item.

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.

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 and other contractual rights to receive cash or other financial asset not designated as at FVTPL.

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.

2.14 Financial Liabilities

Financial liabilities at FVTPL

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.

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.

2.15 Derivative financial instruments

The Company enters into 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 profit or loss immediately.

2.16 Segment Reporting

The Company's business activity falls within a single business segment viz. 'Automotive'. All other activities of the Company revolve around its main business. Hence there is no separate reportable primary segment.

2.17 Cash Flow statement

Cash flows are reported using the indirect method, as setout in Ind AS 7 whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows are segregated on the basis of Operating, Investing & Financing activities of the company.

2.18 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.

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

Note 3 Property, Plant and Equipment

Rs. Lakhs

Description of Assets	Plant and Equipment	Office Equipment	Vehicles	Total
I. Cost				
Balance as at March 31, 2015	15.75	0.49	–	16.24
Additions during the year	–	–	–	–
Balance as at March 31, 2016	15.75	0.49	–	16.24
Additions during the year	–	–	18.75	18.75
Balance as at March 31, 2017	**15.75**	**0.49**	**18.75**	**34.99**
II. Accumulated depreciation and impairment for the year				
Balance as at March 31, 2015	(0.97)	(0.49)	–	(1.46)
Depreciation for the year	(1.87)	–	–	(1.87)
Balance as at March 31, 2016	(2.84)	(0.49)	–	(3.33)
Depreciation for the year	(1.87)	–	(0.36)	(2.23)
Balance as at March 31, 2017	**(4.71)**	**(0.49)**	**(0.36)**	**(5.56)**
Carrying amount (I-II)				
Balance as on March 31, 2017	**11.04**	–	**18.39**	**29.43**
Balance as on March 31, 2016	12.91	–	–	12.91
Balance as on March 31, 2015	14.78	–	–	14.78

Note:

(i) The Company uses straight line method for accounting of fixed assets. The Plant and equipment tool has been depreciated over the useful life of 8 Years.

(ii) Vehicle has been depreciated over 5 years of useful life.

Note 5 Deferred Tax Assets (net)

Rs. Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment	**(0.47)**	(0.53)	–
Vehicle	**(0.36)**	–	–
Financial asset at Fair value through profit and loss (FVTPL)	**(0.08)**	(0.21)	–
	(0.91)	(0.74)	–
Tax effect of items constituting deferred tax assets			
Employee Benefits	**3.18**	2.04	–
Provision for doubtful debts	**6.87**	–	–
	10.05	2.04	–
Net Tax Asset (Liabilities)	**9.14**	1.30	–

Movement of Deferred tax assets and liabilities

Rs. Lakhs

Particulars	For the Year ended March 31, 2017		
	Opening Balance	**Recognised in profit and Loss**	**Closing Balance**
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment	**(0.53)**	**0.06**	**(0.47)**
Vehicle	**–**	**(0.36)**	**(0.36)**
FVTPL financial asset	**(0.21)**	**0.12**	**(0.08)**
	(0.74)	**(0.18)**	**(0.91)**
Tax effect of items constituting deferred tax assets			
Employee Benefits	**2.04**	**1.14**	**3.18**
Provision for doubtful debts	**–**	**6.87**	**6.87**
	2.04	**8.01**	**10.05**
Net Tax Asset (Liabilities)	**1.30**	**7.83**	**9.14**

Note 4 Non-current Investment

Particulars	Face value	As at March 31, 2017		As at March 31, 2016		As at March 31, 2015	
	Rs. per unit	**Number**	**Rs. Lakhs**	Number	Rs. Lakhs	Number	Rs. Lakhs
Unquoted Investments (fully paid up)							
Investments in Equity Instruments at FVTOCI							
AK Surya Power Magic Private Limited	1.00	**17,629**	**499.98**	–	–	–	–
		17,629	**499.98**	–	–	–	–

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

Note 6 Other non-current Assets

Rs. Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
(a) Security deposits	**0.37**	0.37	0.37
(b) Advance income tax	**1.48**	1.48	1.48
Total	**1.85**	1.85	1.85

Note 7 Inventories

Rs. Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Finished goods	**469.11**	612.24	646.70
Total Inventories at the lower of cost and net realisable value	**469.11**	612.24	646.70
Included above, goods-in-transit:			
Finished goods	**–**	53.04	–
Total goods-in-transit	**–**	53.04	–

Notes

The cost of inventories recognised as an expense during the year was Rs. 3198.77 Lakhs for 31 March 2017 (31 March 2016 Rs. 3873.86 Lakhs).

The amount of write-down of inventories to net realizable value recognized as an expense was Rs. 3.22 Lakhs and Rs. 7.97 Lakhs in 2017 and 2016, respectively.

Note 11 Loans

Rs. Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
a) Loans to related parties			
– Unsecured, considered good	**1,500.00**	1,500.00	–
Sub total	**1,500.00**	1,500.00	–
b) Other Loans			
– Unsecured, considered good	**–**	400.00	–
Sub total	**–**	400.00	–
Total	**1,500.00**	1,900.00	–

Note 12 Other financial assets

Rs. Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
(i) Interest accrued but not received on fixed deposit	**0.54**	1.51	9.99
(ii) Interest accrued but not received on inter corporate deposit	**1.74**	4.42	–
Total	**2.28**	5.93	9.99

Note 8 Financial assets - Investments

Particular	As at March 31, 2017 Units	As at March 31, 2017 Rs. Lakhs	As at March 31, 2016 Units	As at March 31, 2016 Rs. Lakhs	As at March 31, 2015 Units	As at March 31, 2015 Rs. Lakhs
Investments in Mutual Funds At fair value through profit & Loss account						
Quoted - Growth Scheme						
Kotak Floater-ST (G)	**7,510**	**200.06**	16,012	397.49	–	–
L&T Liquid Fund (G)	**4,091**	**91.02**	–	–	–	–
ICICI Prudential Flexible Income Plan (G)	**65,318**	**203.36**	–	–	–	–
Sundaram Money Fund-Reg (G)	**–**	**–**	317,066	101.11	1,696,929	500.24
Birla SL FRF - Short term plan (G)	**–**	**–**	–	–	263,892	500.39
Principal Cash Management Fund (G)	**–**	**–**	–	–	31,160	423.30
Total Quoted Investments	**–**	**494.44**	–	498.60	–	1,423.93

Note 9 Trade receivables

Rs. Lakhs

Particulars	As at March 31, 2017 Current	As at March 31, 2016 Current	As at March 31, 2015 Current
Trade receivables			
(a) Unsecured, considered good	**86.01**	108.12	23.27
(b) Doubtful	**19.86**	–	–
Less: Allowance for doubtful debts (expected credit loss allowance)	**(19.86)**	–	–
Total	**86.01**	108.12	23.27

Note 10 Cash and cash equivalents

Rs. Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Cash and cash equivalents			
(a) Balances with banks	**15.71**	21.28	60.37
(b) Cheques on hand	**–**	2.25	2.25
(c) Fixed deposits with maturity less than 3 months	**99.00**	200.00	1,110.00
Total Cash and cash equivalent	**114.71**	223.53	1,172.62

Note 13 Other current assets

Rs. Lakhs

Particulars	As at March 31, 2017 Current	As at March 31, 2016 Current	As at March 31, 2015 Current
(a) Advances to suppliers	**5.04**	14.14	0.97
(b) Balances with government authorities	**6.30**	8.70	10.90
(c) Prepayments	**2.77**	2.98	2.76
Total	**14.11**	25.82	14.63

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

Note 14 Equity Share Capital

Particulars	As at March 31, 2017		As at March 31, 2016		As at March 31, 2015	
	No. of shares	Rs. Lakhs	No. of shares	Rs. Lakhs	No. of shares	Rs. Lakhs
Authorised:						
Equity shares of Rs. 10 each	**400,000,000**	**40,000.00**	400,000,000	40,000.00	400,000,000	40,000.00
Issued, Subscribed Capital:						
Equity shares of Rs. 10 each, fully paid up	**1,000,000**	**100.00**	1,000,000	100.00	1,000,000	100.00
Total	**1,000,000**	**100.00**	1,000,000	100.00	1,000,000	100.00

Notes:

(i) The company has one class of Equity shares having a face value of Rs. 10. Each shareholder is eligible for one vote per share held. The equity shares of the company rank pari-passu in all respects including voting rights and entitlement to dividend.

Note 14.1 Reconciliation of the number of shares outstanding at the beginning and at the end of the year

Particulars	2017		2016		2015	
	No. of Shares	Rs. Lakhs	No. of Shares	Rs. Lakhs	No. of Shares	Rs. Lakhs
Issued and subscribed :						
Balance as at the beginning of the year	**1,000,000**	**100.00**	1,000,000	100.00	1,000,000	100.00
Add:						
Shares issued during the year	**–**	**–**	–	–	–	–
Balance at the end of the year	**1,000,000**	**100.00**	1,000,000	100.00	1,000,000	100.00

Note 14.2 Details of shares held by each shareholder holding more than 5% shares, and details of shares held by the holding and their subsidiaries:

Class of shares / Name of shareholder	As at March 31, 2017		As at March 31, 2016		As at March 31, 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						
Mahindra & Mahindra Limited, the holding Company (upto 28th March, 2017)			740,000	74%	740,000	74%
Mahindra Trucks and Buses Limited, the holding Company (w.e.f. 29th March, 2017)	**740,000**	**74%**				
Mahindra Holdings Limited Subsidiary of Mahindra & Mahindra Ltd	**210,000**	**21%**	210,000	21%	210,000	21%

Note 15 Other Equity

Other Equity Rs. Lakhs

Particulars	Reserves & Surplus: General reserve	Retained earnings	Equity instrument through Other Comprehensive Income	Total
Balance at the beginning of the year 31st March, 2015	412.50	1,758.80	–	2,171.30
Total Comprehensive income for the year	–	1,422.55	–	1,422.55
Dividends paid on equity shares	–	(1,140.00)	–	(1,140.00)
Dividend distribution tax	–	(232.07)	–	(232.07)
Balance at the beginning of the year 31st March, 2016	412.50	1,809.28	–	2,221.78
Total Comprehensive income for the year	–	1,351.48	–	1,351.48
Dividends paid on equity shares	–	(1,180.00)	–	(1,180.00)
Dividend distribution tax	–	(240.22)	–	(240.22)
Balance at the end of the year 31st March 2017	**412.50**	**1,740.54**	**–**	**2,153.04**

Details of dividend paid and proposed

Rs. Lakhs

Particulars	March 31, 2017	March 31, 2016
Dividend paid		
Dividend paid on equity shares	**1,180.00**	
Dividend distribution tax paid	**240.22**	
(Dividend for the year ended 31st March 2017 Rs. Nil per share (31st March 2016 Rs. 118 per share)		
Dividend proposed		
Dividend proposed on equity shares - Rs. 112.20 per share (Rs. 118 per share for FY 2016)	**1,122.00**	1,180.00
Dividend distribution tax on proposed dividend	**228.41**	240.22
(Proposed dividend on equity shares are subject to the approval of members at the annual general meeting and are not recognized as a liability (including tax liability thereon) as at 31st March 2016)		

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

Note 16 Other Financial Liabilities

Rs. Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Other Financial Liabilities Measured at Amortised Cost			
Non-Current			
Deposits received from Dealers..	**2.00**	2.00	2.00
Total other financial liabilities ..	**2.00**	2.00	2.00

Note 17 Provisions

Rs. Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Provision for employee benefits			
(i) Provision for compensated absences	**4.85**	2.91	2.19
(ii) Provision for gratuity	**4.33**	2.99	2.22
Total Provisions.........................	**9.18**	5.90	4.41

Note 18 Trade Payables

Rs. Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Trade payable for goods and services	**618.63**	767.15	719.27
Total trade payables	**618.63**	767.15	719.27

Note 19 Current tax liabilities (net)

Rs. Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Provision for tax net of advance tax Rs. 700.21 Lakhs	**32.30**	41.75	44.20
FY 2015-16 - Rs. 741.40 Lakhs			
FY 2014-15 Rs. 646.12 Lakhs			
Total	**32.30**	41.75	44.20

Note 20 Other Liabilities

Rs. Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Advances received from customers	**193.54**	164.05	224.16
Statutory dues			
– Taxes payable	**112.37**	87.67	42.43
Total other liabilities	**305.91**	251.72	266.59

Note 21 Revenue from Operations

Rs. Lakhs

Particulars	For the ear ended March 31, 2017	For the year ended March 31, 2016
Revenue from sale of goods (including excise duty)..	**7,204.32**	8,199.11
Total Revenue from Operations	**7,204.32**	8,199.11

Note 22 Other Income

Rs. Lakhs

Particulars	For the year ended March 31, 2017	For the ear ended March 31, 2016
(a) Interest income		
– on financial assets at Amortized cost		
(i) fixed deposit with banks.............	**35.62**	57.26
(i) inter corporate deposit	**68.86**	84.83
(b) Dividend income from current investment	**61.01**	54.06
(c) Foreign exchange gain (net)	**24.27**	9.23
(d) Net profit on sale of current investments...	**7.71**	2.62
(e) Liabilities no longer required written back	**23.90**	–
(f) Miscellaneous income	**2.67**	2.44
Total Other Income	**224.04**	210.44

Note 23 Changes in stock of finished goods, work-in-progress and stock-in-trade

Rs. Lakhs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
<u>Inventories at the end of the year:</u>		
Finished goods	**469.11**	612.24
<u>Inventories at the beginning of the year:</u>		
Finished goods	**612.24**	646.69
Net decrease	**143.13**	34.45

Note 24 Employee Benefits Expense

Rs. Lakhs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(a) Salaries and wages, including bonus ..	**37.74**	33.52
(b) Contribution to provident and other funds	**1.74**	1.55
(c) Share based payment expense...........	**1.98**	1.69
(d) Staff welfare expenses	**2.07**	2.04
Total Employee Benefit Expense	**43.53**	38.80

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

Certain employees of the Company are covered by Employee Stock Option Scheme (ESOP scheme) offered by Parent Company, Mahindra & Mahindra Limited.

Under the scheme, eligible employees are granted an option to purchase shares of Mahindra & Mahindra Limited, in accordance with the terms and conditions of the scheme.

The Company recognises this scheme as an equity settled share based payments arrangement in accordance with IND AS 102 - Share Based Payment. Options granted under Parent's ESOP scheme vests in 4/5 instalments on expiry of 12 months, 24 months, 36 months, 48 months and 60 months from the date of grant. The options may be exercised subject to condition of minimum number of option vesting, on specified day over a period of 4/5 years from the date of vesting. Such ESOP expense in respect of employees of the Company is charged by the Parent Company over the vesting period. The charge is based on fair value of options calculated using Black and Scholes Option Pricing Model. The fair value charge is recognised as share based payment expenses under Employee Benefit Expenses.

24.1 Defined Contribution Plan

The Company makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the Scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 1.29 Lakhs (Year ended 31 March, 2016 Rs. 1.09 Lakhs) for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to this plan by the Company is at rates specified in the rules of the schemes.

24.2 Defined Benefit Plans:

The Company offers the following employee benefit schemes to its employees:

Gratuity:

The Company has a plan towards gratuity, a defined benefit retirement plan covering eligible employees at retirement or death while in employment or on termination of employment for an amount as per policy payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company has only 3 employees on its payroll as of March 31,2017, hence the company has made valuations at full value rather than obtaining actuarial valuation. Provision for gratuity is made on arithmetical basis of Rs. 4.14 Lakhs for employees (2016, Rs. 2.99 Lakhs).

Note 25 Finance Cost

Rs. Lakhs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest expense on financial liability at amortised cost	**0.17**	2.51
Total finance costs	**0.17**	2.51

Note 26 Other Expenses

Rs. Lakhs

	Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(a)	Rent including lease rentals	**47.55**	44.97
(b)	Rates and taxes	**2.94**	5.20
(c)	Insurance	**4.50**	0.82
(d)	Repairs and maintenance	**0.37**	–
(e)	Advertisement	**50.50**	100.25
(f)	Freight outward	**234.68**	275.11
(g)	Sales promotion expenses	**–**	2.81
(h)	Provision for doubtful trade receivables	**19.86**	–
(i)	Travelling and Conveyance Expenses	**3.53**	2.99
(j)	Subcontracting, Hire and Service Charges	**336.24**	299.36
(k)	Expenditure on corporate social responsibilty (CSR) under section 135 of the Companies Act, 2013	**42.96**	42.83
(l)	Auditors remuneration and out-of-pocket expenses (refer note (i) below)	**7.57**	11.42
(m)	Legal and other professional costs	**24.38**	18.64
(n)	Packing Expenses	**63.10**	65.97
(o)	Warehousing Charges	**462.98**	519.60
(p)	Royalty Expense	**31.30**	32.74
(q)	Other General Expenses	**5.01**	5.16
	Total Other Expenses	**1,337.47**	1,427.87

note (i)

Rs. Lakhs

	Particular	For the year ended March 31, 2017	For the year ended March 31, 2016
(i)	Payments to the auditors comprises (net of service tax input credit, where applicable):		
	For - statutory audit	**5.56**	6.53
	For taxation matters	**1.52**	3.75
	For other services	**0.41**	0.80
	Reimbursement of expenses	**0.08**	0.34
	Total	**7.57**	11.42

Note 27 Tax expenses

Income Tax Expense

Rs. Lakhs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Current Tax:		
Current Income Tax Charge	**693.05**	744.00
Deferred Tax		
In respect of current year origination and reversal of temporary differences	**(7.83)**	(1.30)
Total Tax Expense recognised in profit and loss account	**685.22**	742.70

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

Numerical Reconciliation between average effective tax rate and applicable tax rate :

Particulars	As at March 31, 2017 Rs. Lakhs	As at March 31, 2017 Tax Rate	As at March 31, 2016 Rs. Lakhs	As at March 31, 2016 Tax Rate
Profit Before tax from Continuing Operations	**2,036.70**		2,165.25	
Income Tax using the Company's domestic Tax rate #	**704.86**	**34.61%**	749.28	34.61%
Tax Effect of :				
– Non deductible Expenses				
Interest on Delayed payment to the Micro, Small and Medium Enterprises	**0.01**	**0.00%**	0.01	0.00%
Donation to KC Mahindra Education trust	**7.24**	**0.36%**	7.18	0.33%
CSR Expenses - own spend disallowed U/s 37(1)	**7.62**	**0.37%**	7.65	0.35%
Interest on Delayed payment of Dividend distribution Tax	**–**	**0.00%**	0.80	0.04%
Provision for doubtful debts	**6.87**	**0.34%**	–	0.00%
Others	**3.13**	**0.15%**	1.38	0.06%
– Deductible Expenses				
Donation U/s 80G @ 50%	**(3.62)**	**-0.18%**	(3.59)	-0.17%
Tax Truing up of previous year assessment completed and order received	**(11.95)**	**-0.59%**	–	–
– Tax - Exempt income	**(21.11)**	**-1.04%**	(18.71)	-0.86%
Changes in recognised deductible temporary differences	**(7.83)**	**-0.38%**	-1.30	-0.06%
Income Tax recognised In P&L from Continuing Operations (Effective Tax Rate)	**685.22**	**33.64%**	742.70	34.30%

Tax rate considered are as per the tax rates applicable for relevant Assessment Year as given by CBDT.

Deferred tax expected to originate in the year to 31.3.2017 has been measured using the effective rate that will apply for the period.

Note 28 Earning per share disclosures

Particulars	For the year ended March 31, 2017 Per Share	For the year ended March 31, 2016 Per Share
Basic Earnings per share		
From continuing operations	**135.15**	142.26
Total basic earnings per share	**135.15**	142.26
Diluted Earnings per share		
From continuing operations	**135.15**	142.26
Total diluted earnings per share	**135.15**	142.26

Note 28.1 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:

Rs. Lakhs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Profit for the year attributable to owners of the Company	**1,351.48**	1,422.55
Less: Preference dividend and tax thereon	**–**	–
Profits used in the calculation of basic earnings per share from continuing operations	**1,351.48**	1,422.55
Weighted average number of equity shares	**1,000,000**	1,000,000
Earnings per share from continuing operations - Basic	**135.15**	142.26

Note 29 Segment information

The Company's business activity falls within a single business segment viz. 'Automotive'.

All other activities of the Company revolve around its main business. Hence there are no separate reportable primary segments. Company deals into trading of Spare parts.

Rs. Lakhs

Geographic information	For the year ended March 31, 2017	For the year ended March 31, 2016
Revenue from external customers		
India	**7,153.48**	8,078.41
Outside India	**50.84**	120.70
Total revenue per statement of profit or loss	**7,204.32**	8,199.11

All the non-current assets of the Company are located in India.

Revenue from major products and services

The following is an analysis of the company's revenue from its major products and services:

Rs. Lakhs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Sale of spares	**7,204.32**	8,199.11
Total	**7,204.32**	8,199.11

Revenues from transactions with a single external customer does not amounts to 10% or more of a Company's revenues during the year.

Since there is single segment there is no difference in measurement of profit & loss and measurement of assets and liabilities.

Note 30 Related Party Transactions

Nature of Relationship

Details of related parties:

Description of relationship	Names of related parties
Holding Company	Mahindra & Mahindra Limited
Fellow Subsidiary	Mahindra Holdings Limited
Fellow Subsidiary	NBS International Limited
Fellow Subsidiary	Mahindra First Choice Services Limited
Fellow Subsidiary	Mahindra Reva Electric Vehicles Private Limited
Fellow Subsidiary	Mahindra Integrated Business Solution Private Limited
Fellow Subsidiary	Mahindra Two Wheeler Private Limited
Fellow Subsidiary	Mahindra Retail Private Limited
Fellow Subsidiary	Bristlecone India Limited
Key Management Personnel	Mr. Ketan Doshi

Note: Related parties have been identified by the Management.

Note: Figures in bracket relates to the previous year.

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

Details of related party transactions during the year ended 31st March, 2017 and balances outstanding as at 31st March, 2017:

Rs. Lakhs

	Mahindra & Mahindra Limited	Mahindra Holdings Limited	NBS International Limited	Mahindra First Choice Services Limited	Mahindra Reva Electric Vehicles Private Limited	Mahindra Integrated Business Solution	Mahindra Two Wheeler Pvt Ltd	Mr. Ketan Doshi	Bristlecone India Limited	Mahindra Retail Private Limited	Total
Purchase of goods	306.08	–	–	–	30.46	–	–	–	–	14.69	351.23
	(414.68)	(0.00)	(4.73)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(419.41)
Sale of goods	17.28	–	31.28	2.64	–	–	–	–		–	51.20
	(14.59)	(0.00)	(31.22)	(9.84)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(55.65)
Purchase of Fixed Assets	15.54	–	–	–	–	–	–	–	–	–	15.54
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Receiving of services	890.05	–	–	–	–	18.50	–	–	0.55	–	909.10
	(968.62)	(0.00)	(0.00)	(0.00)	(0.00)	(16.93)	(0.00)	(0.00)	(0.00)	(0.00)	(985.55)
Rent Expenses	54.15	–	–	–	–	–	–	–	–	–	54.15
	(51.14)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(51.14)
Interest Income	–	–	–	–	–	–	18.15	–	–	–	18.15
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(76.28)	(0.00)	(0.00)	(0.00)	(76.28)
Reimbursements received from parties	1.28	–	–	–	–	–	–	–	–	–	1.28
	(9.37)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(9.37)
Reimbursements made to parties	18.70	–	–	–	–	–	–	–	–	–	18.70
	(30.72)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(30.72)
Interest Expenses	–	–	–	0.14	–	–	–	–	–	–	0.14
	(0.00)	(0.00)	(0.00)	(0.14)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.14)
Managerial Remuneration	–	–	–	–	–	–	–	60.52	–	–	60.52
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(57.01)	(0.00)	(0.00)	(57.01)
Dividend Paid	873.20	247.80	–	–	–	–	–	–	–	–	1,121.00
	(843.60)	(239.40)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(1,083.00)
Inter Corporate Deposit Given	–	–	–	–	–	–	1,500.00	–	–	–	1,500.00
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(1,500.00)	(0.00)	(0.00)	(0.00)	(1,500.00)
Inter Corporate Deposit Received	–	–	–	–	–	–	–	–	–	–	–
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
<u>Balances outstanding at the end of the year</u>											
Trade receivables	17.28	–	–	–	–	–	–	–	–	–	17.28
	(1.33)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(1.33)
Trade payables	149.12	–	0.36	0.10	0.21	1.98	–	–	–	–	151.77
	(193.00)	(0.00)	(1.96)	(1.86)	(0.00)	(0.78)	(0.00)	(0.00)	(0.00)	(0.00)	(197.60)
Interest receivable	–	–	–	–	–	–	1.74	–	–	–	1.74
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Inter Corporate Deposit Receivable	–	–	–	–	–	–	1,500.00	–	–	–	1,500.00
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(1,500.00)	(0.00)	(0.00)	(0.00)	(1,500.00)
Dealer deposit	–	–	–	2.00	–	–	–	–	–	–	2.00
	(0.00)	(0.00)	(0.00)	(2.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(2.00)

Company has incurred Rs.60.52 Lakhs for key managerial personnel services provided by M/s. Mahindra & Mahindra Limited.

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

Note 31 Financial Instruments and Risk Review

31.1 Capital Management policies and procedures

The Company manages capital risk in order to maximize shareholders' profit by maintaining sound and optimal capital structure through monitoring of financial ratios, Return on capital employed ratio on the basis of the carrying amount of equity on a monthly basis and implement 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 monitors the total capital comprising of Equity. The company is not subject to externally enforced capital regulation. Equity comprises of total shareholders' equity as reported in the financial statements.

Total Capital is as follows:

Rs. Lakhs

Particular	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Equity	**2,253.04**	2,321.78	2,271.30
	2,253.04	2,321.78	2,271.30

Categories of financial assets and financial liabilities

Rs. Lakhs

Particulars	As at 31st March, 2017				As at 31st March, 2016				As at 31st March, 2015			
	Amortised Costs	FVTPL	FVOCI	Total	Amortised Costs	FVTPL	FVOCI	Total	Amortised Costs	FVTPL	FVOCI	Total
Non current financial Assets												
(i) Non current investment	–	–	499.98	499.98	–	–	–	–	–	–	–	–
Current Assets												
(i) Investments	–	494.44	–	494.44	–	498.60	–	498.60	–	1,423.93	–	1,423.93
(ii) Trade receivables	86.01	–		86.01	108.12	–	–	108.12	23.27	–	–	23.27
(iii) Cash and cash equivalents	114.71	–	–	114.71	223.53	–	–	223.53	1,172.62	–	–	1,172.62
(iv) Loans	1,500.00	–	–	1,500.00	1,900.00	–	–	1,900.00	–	–	–	–
(v) Interest accrued but not received	2.28	–	–	2.28	5.93	–	–	5.93	9.99	–	–	9.99
Total	1,703.00	494.44	499.98	2,697.41	2,237.58	498.60	–	2,736.18	1,205.88	1,423.93	–	2,629.81
Current Liabilities												
Trade Payables	618.63	–	–	618.63	767.15	–	–	767.15	719.27	–	–	719.27
Other Non Current financial liabilities												
Other financial liabilities	2.00	–	–	2.00	2.00	–	–	2.00	2.00	–	–	2.00
Total	620.63	–	–	620.63	769.15	–	–	769.15	721.27	–	–	721.27

Note 31.2 Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer.

(i) CREDIT RISK

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

The company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date. The Company's exposures are continuously monitored.

In respect of trade and other receivables, the company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are agencies with high credit–ratings assigned by international credit–rating agencies.

Trade Receivables

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. Forward–looking information (including macroeconomic information) has been incorporated into the determination of expected credit losses.

The loss allowance for trade receivables using expected credit losses for different ageing periods are as follows:

Particulars	Less than 6 months past due	More than 6 months past due	Total
As at 31 March 2017			
Gross carrying amount	82.60	23.27	105.87
Loss allowance provision	–	(19.86)	(19.86)
Net	82.60	3.41	86.01

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

Particulars	Less than 6 months past due	More than 6 months past due	Total
As at 31 March 2016			
Gross carrying amount......	106.88	1.24	108.12
Loss allowance provision ..	–	–	–
Net.....................................	106.88	1.24	108.12
As at 31 March 2015			
Gross carrying amount......	23.10	0.17	23.27
Loss allowance provision ..	–	–	–
Net.....................................	23.10	0.17	23.27

Reconciliation of loss allowance for Trade Receivables

Rs. Lakhs

Particulars	For the year ended March 31, 2017
Balance as at beginning of the year	**–**
Additions during the year..	**19.86**
Balance at end of the year..	**19.86**

(ii) MARKET RISK

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates will affect the Company's income or the value of its holdings of financial instruments. 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, including:

(i) Forward covers to hedge the import payments,

(ii) Fixed Deposits with Bank, and

(iii) Mutual funds investment.

There have 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.

Rs. Lakhs

Particulars	Euro	US Dollar	Total
As at 31 March 2017			
Trade Receivables	**1.45**	**–**	**1.45**
Trade Payables	**80.62**	**–**	**80.62**
	82.07	**–**	**82.07**
As at 31 March 2016			
Trade Receivables	2.35	–	2.35
Trade Payables	116.62	–	116.62
	118.97	–	118.97
As at 31 March 2015			
Trade Receivables	10.74	–	10.74
Trade Payables	57.37	–	57.37
	68.11	–	68.11

Of the above foreing currency exposures, the following exposures are not hedged:

Rs. Lakhs

Particulars	Euro	US Dollar	Total
As at 31 March 2017			
Trade Receivables	**1.45**	**–**	**1.45**
Trade Payables	**–**	**–**	**–**
	1.45	**–**	**1.45**
As at 31 March 2016			
Trade Receivables	2.35	–	2.35
Trade Payables	116.62	–	116.62
	118.97	–	118.97
As at 31 March 2015			
Trade Receivables	10.74	–	10.74
Trade Payables	57.37	–	57.37
	68.11	–	68.11

Outstanding forward contracts entered by the Company as on 31st March, 2017 (Cross currency: Rupees)

Currency	Buy/Sell	FC in Lakhs	Rs. Lakhs
As at 31 March 2017			
EUR	**Buy**	**2.20**	**158.09**
As at 31 March 2016			
EUR	Buy	–	–
As at 31 March 2015			
EUR	Buy	–	–

__Sensitivity Analysis__

The following table illustrates the sensitivity of the net results for the year and equity in regards to the company's financial assets and liabilities and

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

exchange rate. It assumes 10% change in exchange rate. This has been determined considering other variables constant

Rs. Lakhs

Exposure	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Debtors	**1.45**	2.35	10.74
Creditors	**–**	(116.62)	(48.22)
Sub total	**1.45**	(114.27)	(37.48)
Exchange impact	**0.15**	(11.43)	(3.75)

Forward Exchange Contracts

It is the policy of the Company to enter into forward foreign exchange contracts to cover specific foreign currency remittances. Company has forex committee which decides on hedging the foreign exposure from time to time.

The Company has not designated forward contracts under hedging relationships.

(iii) LIQUIDITY RISK

(a) 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 by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

(b) 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. Lakhs

Particulars	Less than 1 Year	1-3 Years
Non-derivative financial liabilities		
31–Mar–17		
Interest bearing financial liability	**–**	**2.00**
Non-interest bearing financial liabilities	**618.63**	**–**
Total	**618.63**	**–**
31–Mar–16		
Interest bearing financial liability	–	2.00
Non-interest bearing financial liabilities	767.15	–
Total	767.15	–
31–Mar–15		
Interest bearing financial liability	–	2.00
Non-interest bearing financial liabilities	719.27	–
Total	719.27	–

(c) 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. Lakhs

Particulars	Less than 1 Year	1-3 Years
31–Mar–17		
Non-interest bearing		
(i) current Investments	**494.44**	**–**
(ii) Trade receivables	**86.01**	**–**
(iii) Cash and cash equivalents	**15.71**	**–**
(iv) Non current investments	**–**	**499.98**
Fixed interest rate instruments		
(i) Fixed deposits with banks	**99.00**	**–**
(ii) Interest accrued but not received	**2.28**	**–**
(iii) Loans	**1,500.00**	**–**
Total	**2,197.44**	**499.98**
31–Mar–16		
Non-interest bearing		
(i) Investments	498.60	–
(ii) Trade receivables	108.12	–
(iii) Cash and cash equivalents	23.52	–
(iv) Non current investments	–	–
Fixed interest rate instruments		
(i) Fixed deposits with banks	200.00	–
(ii) Interest accrued but not received	5.93	–
(iii) Loans	1,900.00	–
Total	2,736.17	–
31–Mar–15		
Non-interest bearing		
(i) Investments	1,423.93	–
(ii) Trade receivables	23.27	–
(iii) Cash and cash equivalents	62.62	–
(iv) Non current investments	–	–
Fixed interest rate instruments		
(i) Fixed deposits with banks	1,110.00	–
(ii) Interest accrued but not received	9.99	–
(iii) Loans	–	–
Total	2,629.81	–

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

Offsetting of balances

Particulars	Gross amount recognised	Gross amount recognized as set off in the balance sheet	Net amount presented in the balance sheet	Amounts subject to an enforceable master netting arrangement Deposit	Net amount after financial assets offsetting
As at 31 March 2017					
Financial assets					
Non current Investments	**499.98**	**–**	**499.98**	**–**	**499.98**
Current investments	**494.44**	**–**	**494.44**	**–**	**494.44**
Trade receivables	**105.87**	**(19.86)**	**86.01**	**–**	**86.01**
Cash and cash equivalents	**114.71**	**–**	**114.71**	**–**	**114.71**
Loans	**1,500.00**	**–**	**1,500.00**	**–**	**1,500.00**
Other financial assets	**2.28**	**–**	**2.28**	**–**	**2.28**
Total	**2,717.27**	**(19.86)**	**2,697.41**	**–**	**2,697.41**
Financial liability					
Trade payables	**618.63**	**–**	**618.63**	**–**	**618.63**
Other financial liabilities	**2.00**	**–**	**2.00**	**–**	**2.00**
Total	**620.63**	**–**	**620.63**	**–**	**620.63**
As at 31 March 2016					
Financial assets					
Non current Investments	–	–	–	–	–
Current investments	498.60	–	498.60	–	498.60
Trade receivables	108.12	–	108.12	–	108.12
Cash and cash equivalents	223.53	–	223.53	–	223.53
Loans	1,900.00	–	1,900.00	–	1,900.00
Other financial assets	5.93	–	5.93	–	5.93
Total	2,736.18	–	2,736.18	–	2,736.18
Financial liability					
Trade payables	767.15	–	767.15	–	767.15
Other financial liabilities	2.00	–	2.00	–	2.00
Total	769.15	–	769.15	–	769.15
As at 31 March 2015					
Financial assets					
Non current Investments	–	–	–	–	–
Current investments	1,423.93	–	1,423.93	–	1,423.93
Trade receivables	23.27	–	23.27	–	23.27
Cash and cash equivalents	1,172.62	–	1,172.62	–	1,172.62
Loans	–	–	–	–	–
Other financial assets	9.99	–	9.99	–	9.99
Total	2,629.81	–	2,629.81	–	2,629.81
Financial liability					
Trade payables	719.27	–	719.27	–	719.27
Other financial liabilities	2.00	–	2.00	–	2.00
Total	721.27	–	721.27	–	721.27

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

Note 32 Fair Value Measurement

Financial assets/financial liabilities	Fair value as at March 31, 2017	Fair value as at March 31, 2016	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
(i) Foreign currency forward contracts	(3.85)	–	Level 2	Discounted Cash Flow	Future cash flows are estimated based on forward exchange rates (from observable forward exchanage rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counter parties.	
(ii) Equity investments	499.98	–	Level 3	Recent market transaction	The investment is made based on recent market transaction with the party. The key inputs include the historical performance of the Company and the capability of the management to reach scale.	Currently there is no such sensitivity observed, since the transaction is closer to the year end

Financial instruments not measured using fair value i.e.measured using amortized cost

Rs. Lakhs

	Level 1	Level 2	Level 3	Total
Financial assets				
As at 31st March 2017				
Current Financial assets carried at amortised cost				
– loans to related parties	**–**	**1,500.00**	**–**	**1,500.00**
– trade and other receivables	**–**	**86.01**	**–**	**86.01**
– Loans receivables	**–**	**–**	**–**	**–**
– Others	**–**	**2.28**	**–**	**2.28**
Total		**1,588.29**		**1,588.29**
Financial liabilities				
Non current financial liabilities carried at amortised cost				
Dealer Deposit	**–**	**2.00**	**–**	**2.00**
Current financial liabilities carried at amortised cost				
Trade Payables	**–**	**618.63**	**–**	**618.63**
Total		**620.63**		**620.63**
Financial assets				
As at 31st March 2016				
Current Financial assets carried at amortised cost				
– loans to related parties	–	1,500.00	–	1,500.00
– trade and other receivables	–	108.12	–	108.12
– Loans receivables	–	400.00	–	400.00
– Others	–	5.93	–	5.93
Total	–	2,014.05	–	2,014.05

Rs. Lakhs

	Level 1	Level 2	Level 3	Total
Financial liabilities				
Non current financial liabilities carried at amortised cost				
Dealer Deposit	–	2.00	–	2.00
Current financial liabilities carried at amortised cost				
Trade Payables	–	767.15	–	767.15
Total	–	769.15	–	769.15
Financial assets				
As at 31st March 2015				
Current Financial assets carried at amortised cost				
– trade and other receivables	–	23.27	–	23.27
– Others	–	9.99	–	9.99
Total	–	33.26	–	33.26
Financial liabilities				
Non current financial liabilities carried at amortised cost				
Dealer Deposit	–	2.00	–	2.00
Current financial liabilities carried at amortised cost				
Trade Payables	–	719.27	–	719.27
Total	–	721.27	–	721.27

Financial instruments measured using fair value

	Level 1	Level 2	Level 3	Total
Financial assets				
As at 31st March 2017				
Current Financial assets				
Investments in Mutual Funds	**494.44**	**–**	**–**	**494.44**
Non current financial assets				
Investment in equity instruments	**–**	**–**	**499.98**	**499.98**
Total	**494.44**	**–**	**499.98**	**994.42**

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

	Level 1	Level 2	Level 3	Total
Financial assets				
As at 31st March 2016				
Current Financial assets				
Investments in Mutual Funds ...	498.60	–	–	498.60
Total	498.60	–	–	498.60
Financial assets				
As at 31st March 2015				
Current Financial assets				
Investments in Mutual Funds ...	1,423.93	–	–	1,423.93
Total	1,423.93	–	–	1,423.93

Note 33 Additional Information to the Financial Statements

Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Rs. Lakhs

	Particulars	31-Mar-17	31-Mar-16
(i)	Principal amount remaining unpaid to MSME suppliers as at the end of the accounting year......................................	**4.52**	3.37
(ii)	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year......................................	**–**	–
(iii)	The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day ...	**–**	0.02
(iv)	The amount of interest due and payable for the year	**0.02**	–
(v)	The amount of interest accrued and remaining unpaid at the end of the accounting year......................................	**0.02**	–
(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 34 Specified Bank Notes held & transacted

The company does not have any holdings or dealings in Specified Bank Notes as defined in the notification S. O. 3407(E) dated 8th November, 2016 of the ministry of finance, during the period from 8th November, 2016 to 30th December, 2016

Details are given below:

Particulars	SBN's	Other denomination	Total
Closing cash in hand as on 08.11.2016	–	–	–
Add: Permitted receipts.....	–	–	–
Less: Permitted payments ..	–	–	–
Less: Amount deposited in banks.................................	–	–	–
Closing cash in hand as on 30.12.2016	–	–	–

Note 35 First-time adoption of Ind-AS reconciliations

These financial statements, for the year ended 31 March 2017, are the first financial statements prepared in accordance with Ind-AS. The company prepared its financial statements for periods upto and including the year ended 31st March, 2016, in accordance with statutory reporting requirement in India immediately before adopting Ind-AS ('previous GAAP').

Accordingly, the Company has prepared financial statements which comply with Ind-AS applicable for periods ending on or after 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016. 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.

First Time Ind AS Adoption reconciliations

(i) Reconciliation of total equity as at 31 March 2016 and 31 March 2015:

Rs. Lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
Equity as reported under previous GAAP	801.18	798.29
Ind AS: Adjustments increase (decrease):		
Dividends not recognised as liability until approved in shareholders meeting	1,180.00	1,140.00
Tax on dividend declared by board of directors	240.22	232.08
Deferred income tax	(0.21)	–
Fair valuation of mutual fund investment...	0.59	0.93
Equity as reported under IND AS.....	2,221.78	2,171.30

(ii) Reconciliation of total comprehensive income for the year ended 31 March 2016:

Rs. Lakhs

Particulars	Year ended March 31, 2016
Profit or Loss as per previous GAAP	1,423.11
Ind AS: Adjustments increase (decrease):	
Fair valuation of mutual fund	(0.34)
Deferred tax liability on mutual fund fair valuation..........	(0.21)
Total comprehensive income under Ind ASs	1,422.56

Note: Total comprehensive income was not reported under previous GAAP. Therefore the reconciliation starts with profit under previous GAAP

(iii) Material adjustments to the Statement of Cash Flows

Rs. Lakhs

Particulars	Year ended 31 March 2016 Previous GAAP	Ind AS Adjustments	Ind AS
Net cash flows from operating activities..................................	1,197.58	–	1,197.58
Net cash flows from investing activities..................................	(772.08)	–	(772.08)

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

Rs. Lakhs

	Year ended 31 March 2016		
Particulars	Previous GAAP	Ind AS Adjustments	Ind AS
Net cash flows from financing activities	(1,374.59)	–	(1,374.59)
Net increase (decrease) in cash and cash equivalents	(949.09)		(949.09)
Cash and cash equivalents at beginning of period	1,172.62		1,172.62
Cash and cash equivalents at end of period	223.53	–	223.53

Analysis of cash and cash equivalents as at 31 March 2016 and 31 March 2015 for the purpose of Statement of Cash flows under Ind AS

Rs. Lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
Cash and cash equivalents for the purpose of Statement of Cash flows as per Previous GAAP	223.53	1,172.62
Other adjustments (specify)	–	–
Cash and cash equivalents for the purpose of Statement of Cash flows as per Ind AS	223.53	1,172.62

For and on behalf of the Board of Directors

Hemant Sikka Chairman

Bharat Moossaddee Director

Ketan Doshi CEO & Wholetime Director

Pallavi Ogale Company Secretary

Place : Mumbai
Date : 24th April, 2017

Register of Companies no. 07206571007
Business Directory no. 1018401

MAHINDRA EUROPE S.R.L.-Sole proprietorship

Company subject to the management and the coordination of
MAHINDRA & MAHINDRA LTD

Registered office in VIA CANCELLIERA N.35 -00072 ARICCIA (RM)
Share capital 1,421,151.00 fully paid-up

Directors' Report on the Financial Statements for the year closed on 31/03/2017

Dear Quotaholder,

The Company closed the year ended on 31/03/2017 with a profit of Euro 72,471 – INR/LAKHS 50.19 after the allocation of current net tax amounting to Euro 30,778 – INR/LAKHS 21.32 and amortizations, depreciations and impairments amounting to Euro 117,552 INR/LAKHS 81.42.

Performance conditions and developments

As you know, your Company performs its activities in the distribution of motor vehicles and spare parts, as importer of Mahindra vehicles for Europe.

In the business year ended on 31/03/2017 Mahindra Europe mainly imported and sold SUV XUV500 and light duty commercial vehicles Goa Pick-up, Genio and Quanto.

Mahindra Europe also sells a wide range of special purpose applications on its vehicles ranging from fire fighting equipment, tipper, flat-bed cargo, Ariel Platform.

The Company imports and sells original Mahindra spare parts and accessories.

Pursuant to Section 2428 of the Italian Civil code, we report that the Company performs its activities in its registered office at Ariccia (Rome, Italy).

Mahindra Europe S.r.l. is legally subject to the coordination and the control of Mahindra & Mahindra Ltd (based in Mumbai – India), through its Subsidiary Mahindra Overseas Investment Company (Mauritius) Ltd.

Report on operations

General economic performance

In 2016 the Italian economy was characterized by an increase in the debt-GDP ratio, which reached an historical record of 132.6% as against an average of 89.2% in the Eurozone. That value is mainly due to the Bank rescue. The deficit/GDP ratio was 1.5% as against an average of 1.7% in the Eurozone, while the variation of GDP in terms of volume was +0.9% compared to last year as against an European average of +1.7%. Positive results were registered from the first quarter of 2016. The European Commission's forecasts for 2017 are: GDP of 0.9% in 2017 and of 1.1% in 2018; deficit/GDP ratio of -2.7% in 2017. Those forecasts are mainly driven by external factors such as the quantitative easing by the ECB, the fall in oil prices, the increase in exports, the sharp depreciation of the Euro and partially by internal factors such as structural reforms, low inflation, recover of labour market should give support to the purchasing power of private sector.

As for the developments on the labour market in Italy, the unemployment rate drop by 0.2 percentage points compared to the end of 2015 to 11.9% in December 2016 and 11.7% in March 2017. Youth unemployment rate of 34.1% in March 2017 causes serious concerns. The other positive sign comes from the reduction in the use of redundancy funds by enterprises.

In 2016, the average annual inflation rate remains low. This slowdown in inflation depends on a decrease in consumptions which should remain low for the 2017, mainly due to the poor economic recovery and a weak labour market as well as the presence of wide margins of unexploited earning capacity. Therefore, the European Central Bank has maintained its official interest rate at 0.00% till March 2017 to support economic recovery in the 2017 and to avoid the risk of deflation.

The economic forecast is particularly influenced by the possible evolution of international demand, Euro exchange rate, the solution to the Greek debt crisis and to the Syrian crisis and the supply of credit, all subject to the ECB easing measures. In Italy, the poor supply of consumer credit could continue to negatively influence consumers' confidence, their purchasing power and spending capacity. This could significantly affect the Company's business perspectives. The measures introduced by the national budget aimed at reducing the tax wedge will have a positive impact.

In general, the Company operates in a sector which is historically subject to repeated cycles and this tends to affect the general economic trend, in some cases also widening its scope.

In order to achieve positive results, the Company had to optimise its fixed costs with respect to sales volume and other cost control measures. The Company also improved its capacity to generate positive cash flows by increasing the net working capital turnaround. In this way, revenue stability has been maintained.

Demand and reference market trends

The company sold 930 vehicles during the year with an decrease of 4.7% over previous year (976 vehicles) and 760 vehicles were retailed, thus registering a +4% growth over last year.

The vehicles registered in the European market are more than 15 millions, with a 6.5% increase over the previous year (source: ACEA). The top 5 European markets demonstrated strong recovery with positive growths at the end of 2016: Spain +10.9%, United Kingdom +2.3%, Italy +15.8%, Germany +4.5%, France +5.1%.

Only 1,824,968 new cars were registered on the Italian car market in 2016 (+15.8%). The market showed an increase for the third time since the beginning of the crisis in the car sector in 2008. In six years of crisis the sales volumes in Italy were reduced by a half.

The demand from private customers have begun a good recovery (+13%) falling under 61,8% of the market. The volumes linked to VAT registered consumers showed a slight increase after the continuous falls in the previous years, but they did not go over 18.4% of the total private market share.

The share of the business cars in Italy is lower than in the other 4 major European markets, as a result of different tax policies applied in those countries. However, the "super amortization" introduced from 15th October 2015 to end 2016 to bring a good benefit to the company vehicles.

SUV and Crossover vehicles dominated the market in 2016 and 2015 and reached respectively almost 26,8% and 18.5% of the total market share. If we add this result to the traditional off-road vehicles, we can state that little more than 1/4 of the consumers were attracted by vehicles in this segment. We record a slight fall in the sales of sedan, representing slightly less than 55% of the consumers' choices. 2016 recorded a further reduction in average CO2 emissions (g/km), which were 112,7 as against 115.1 in 2015..Increasingly many European countries are regulating their tax structure based on CO2 emissions.

The first quarter of 2017 marked a +8.2% at European level, a +11.9 on the Italian market and a +7.9% on the Spanish market.

In 2016 the market of light commercial vehicles in Europe (EU28) showed an increase by 11.9% over 2015, +50% in Italy and +11.2% in Spain.

In March the LCV market recorded a month of growth with +10.5%. In the first quarter 2017 total growth was +8.1%. On the major markets we recorded +9.4% in Italy, +23.6% in Spain and +10,2% in France.

The pickup market where we are present increased by a whopping 88% in 2016 compared to 2015 in Italy closing the year with 7739 pickups while Mahindra Europe increased its pickup volume by 50% taking a share of 2.69% from market.

XUV500 represented 0.06% of the market share in 2016, +0.04% compared with last year.

Competitors' performance

The automobile industry is highly competitive, especially in the sector of the distribution of cars, light commercial vehicles and spare parts. The Company competes in Europe with other brands having global presence in the distribution of cars, light commercial vehicles. All these markets are highly competitive in terms of product quality, innovation, price, fuel efficiency, reliability and safety, customer service and financial services offered.

In the last years competition has significantly increased – especially in terms of price – in the sector where the Company operates. Furthermore, partly because of the recent decrease in the demand for vehicles, the global productive capacity of the automobile industry is largely greater the current demand. This productive overcapacity, combined with fierce competition and weak market conditions of the major world economies, could increase pressure on the price of vehicles.

In the automobile business, trends in demand are cyclical and change according to the general conditions of economy, propensity to consume of final customers, the availability of financing and the possible presence of public incentives. Furthermore, this sector is also subject to a continuing renewal of the offer by means of frequent launches of new models / facelift in the market. A negative trend of the demand for vehicles could negatively affect the Company's business perspectives, its economic results and its financial situation.

The Company expects a significant change in regulations on emissions and road safety due to diesel gate issue, which could require considerable resources, in particular in the design and development phases. The higher costs incurred to ensure compliance of products is a common issue for all brands. and will affect the final cost of cars. On the other hand, the deadlines established by the regulations cause the implementation of significant run-out measures leading to a decrease in the sale price of vehicles.

Consumers use a variety of financing schemes and leasing contracts for purchase of vehicles and the lack of captive finance can put us in a competitive disadvantage with other brands who can offer better financial solutions than our dealers. The company has signed a commercial agreement with Agos Ducato to offer retail financing solutions in line with the market to overcome this disadvantage.

The Mahindra brand continues to perform its activities in the European countries where it is present in the Light commercial vehicle space with pick-up vehicles (Goa, Quanto and Genio) and SUV segment with Mahindra XUV500 with the launch of XUV500 Euro 6.

Social, political and labour scenario

The Company has good relations with Trade Unions and this enables more flexibility and adjustment to the actual needs. All the company's employees are hired under collective bargaining agreements and/or safeguarded by the labour law rules in force which may limit the Company's possibility to reorganize quickly its activities and reduce costs to react to the changing market conditions.

Business trends in our reference sectors

The business year closed was in positive, because the Company increased its market share in the SUV sector. The table below shows the value of production, gross operating margin and result before taxes for the last three financial years.

Euro	**31/03/2017**	**31/03/2016**	**31/03/2015**
Value of production	16,259,952	15,984,563	9,650,894
Gross operating margin	(570,166)	(37,761)	(363,033)
Result before taxes	90,164	404,755	34,528

INR/LAKHS	**31/03/2017**	**31/03/2015**	**31/03/2014**
Value of production	11,261,64	11,070,91	6,684,21
Gross operating margin	(394,90)	(26,15)	(251,44)
Result before taxes	62,45	280,33	23,91

The negative GOM is basically due to the sales incentives granted in the year to face the general drop in prices on the market, purchasing cost increase for XUV500 Euro 6, and increase of marketing expenses.

Another important factor to take into account is that other financial income is not included in the GOM calculation, as it consists mainly in the parent company's reimbursement for product warranties on the European market and related costs.

The company is in financially stable situation. The company had established credit lines with Banks Intesa Sanpaolo and Bank of America Merrill Lynch to support the working capital requirements.

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Income statement

The reclassified income statement of the company, compared to the previous year, is as follows (amounts stated in Euro):

Euro	31/03/2017	31/03/2016	Change
Net revenues	15.496.868	15.448.933	47.935
External costs	15.236.962	14.793.746	443.216
Added value	**259.906**	**655.187**	**(395.281)**
Cost of labour	830.072	692.948	137.124
Gross operating margin	**(570.166)**	**(37.761)**	**(532.405)**
Amortisation and depreciation, write-down and other accruals	81.551	90.008	(8.457)
Operating result	**(651.717)**	**(127.769)**	**(523.948)**
Other proceeds	763.084	535.630	227.454
Interest income (charges)	(21.203)	(3.106)	(18.097)
Result of ordinary operations	**90.164**	**404.755**	**(314.591)**
Net exceptional income (expenses)			
Result before taxes	**90.164**	**404.755**	**(314.591)**
Income taxes	17.693	(151.113)	168.806
Net profit	**72.471**	**555.868**	**(483.397)**

INR/LAKHS	31/03/2017	31/03/2016	Change
Net revenues	10733,13	10699,93	33,20
External costs	10553,12	10246,15	306,97
Added value	**180,01**	**453,78**	**(273,77)**
Cost of labour	574,91	479,94	94,97
Gross operating margin	**(394,90)**	**(26,15)**	**(368,74)**
Amortisation and depreciation, write-down and other accruals	56,48	62,34	(5,86)
Operating result	**(451,38)**	**(88,49)**	**(362,89)**
Other proceeds	528,51	370,98	157,53
Interest income (charges)	(14,69)	(2,15)	(12,53)
Result of ordinary operations	**62,45**	**280,33**	**(217,89)**
Net exceptional income (expenses)			
Result before taxes	**62,45**	**280,33**	**(217,89)**
Income taxes	12,25	(104,66)	116,92
Net profit	**50,19**	**384,99**	**(334,80)**

The result of operations, inclusive of other but operating proceeds, would amount to Euro 111,367 INR/LAKHS 77.13. For a more detailed description of the company's financial position, the table below reports the profitability indicator ratios compared to the corresponding ratios of previous years.

Euro	31/03/2017	31/03/2016	31/03/2015
Net ROE	0,04	0,39	0,00
Gross ROE	0,05	0,28	0,02
ROI	0,01	0,04	0,01
ROS	0,01	0,03	0,00

INR/LAKHS	31/03/2017	31/03/2016	31/03/2015
Net ROE	0,00	0,00	0,00
Gross ROE	0,00	0,00	0,00
ROI	0,00	0,00	0,00
ROS	0,00	0,00	0,00

Balance sheet

The reclassified balance sheet of the Company, compared to the previous year, is as follows (amounts stated in Euro):

Euro	31/03/2017	31/03/2016	Change
Net intangible assets	18.852	23.518	(4.666)
Net tangible assets	228.669	303.648	(74.979)
Equity investments and other financial assets	45.424	42.770	2.654
Fixed assets	**292.945**	**369.936**	**(76.991)**
Stock	8.196.491	2.598.837	5.597.654
Trade receivables	6.327.370	4.637.969	1.689.401
Other receivables	1.065.117	518.286	546.831
Accrued income and prepayments	168.519	174.840	(6.321)
Current assets	**15.757.497**	**7.929.932**	**7.827.565**
Trade payables	12.582.885	6.632.114	5.950.771
Tax and social security payables	74.912	187.558	(112.646)
Other payables	193.568	192.946	622
Accrued liabilities	6.765	6.684	81
Current liabilities	**12.858.130**	**7.019.302**	**5.838.828**
Net working capital	**2.899.367**	**910.630**	**1.988.737**
Employees' severance indemnity	116.576	102.185	14.391
Other medium and long-term liabilities	25.571	31.229	(5.658)
Medium to long-term liabilities	**142.147**	**133.414**	**8.733**
Invested capital	**3.050.165**	**1.147.152**	**1.903.013**
Equity	(2.062.017)	(1.989.547)	(72.470)
Net medium/long-term financial position	130	462	(332)
Short term financial position	(988.278)	841.933	(1.830.211)
Equity and net financial debt	**(3.050.165)**	**(1.147.152)**	**(1.903.013)**

INR/LAKHS	31/03/2017	31/03/2016	Change
Net intangible assets	13,06	16,29	(3,23)
Net tangible assets	158,38	210,31	(51,93)
Equity investments and other financial assets	31,46	29,62	1,84
Fixed assets	**202,89**	**256,22**	**(53,32)**
Stock	5676,89	1799,95	3876,94
Trade receivables	4382,34	3212,26	1170,08
Other receivables	737,70	358,96	378,74
Accrued income and prepayments	116,72	121,09	(43,80)
Current assets	**10913,64**	**5492,27**	**5421,37**
Trade payables	8714,91	4593,40	4121,50
Tax and social security payables	51,88	129,90	(78,02)
Other payables	134,07	133,63	0,43
Accrued liabilities	8905,54	4,63	0,06
Current liabilities	**8714,91**	**4861,57**	**4043,97**
Net working capital	**2008,10**	**630,70**	**1377,40**
Employees' severance indemnity	80,74	70,77	9,97
Other medium and long-term liabilities	17,71	21,63	(3,92)
Medium to long-term liabilities	**98,45**	**92,40**	**6,05**
Invested capital	**2112,54**	**794,52**	**1318,03**
Equity	(1428,15)	(1377,96)	(50,19)
Net medium/long-term financial position	0,09	0,32	(0,23)
Short term financial position	(684,48)	583,12	(1267,60)
Equity and net financial debt	**(2112,54)**	**(794,52)**	**(1318,03)**

The reclassified balance sheet shows the sound situation of the company, i.e. its ability to keep its financial balance in the medium/long term, thanks to the shareholders' policy of reinvesting the profits in the Company in previous accounting periods and to the correct mix of funding resources compared to medium and long-term expenditures. The secondary margin of about 1.9 million Euro is more than enough to cover the permanent stock or technical stock, which is necessary to support the Company's operating cycle.

For a better description of the Company's position, the table below shows a few balance sheet indicators pertaining to (i) forms of funding medium to long-term expenditures, and (ii) composition of funding sources, compared with the corresponding indicators for the previous financial years.

Euro	31/03/2017	31/03/2016	31/03/2015
Equity – fixed assets	1.768.942	1.619.149	1.018.673
Equity to fixed assets ratio	7,04	5,37	3,45
Equity + long-term liabilities – fixed assets	1.911.089	1.752.563	1.137.205
Equity + long-term liabilities to fixed assets ratio	7,52	5,73	3,74

INR/LAKHS	31/03/2017	31/03/2016	31/03/2015
Equity – fixed assets	1225,17	1121,42	705,53
Equity to fixed assets ratio	0,00	0,00	0,00
Equity + long-term liabilities – fixed assets	1323,62	1213,83	787,63
Equity + long-term liabilities to fixed assets ratio	0,01	0,00	0,00

Statement of cash flow

The net financial position as of 31/03/2017 was as follows (amounts stated in Euro):

Euro	31/03/2017	31/03/2016	Change
Bank accounts	392.986	846.313	(453.327)
Cash and other valuables in hand	1.996	1.909	87.000
Cash and equivalents and treasury stock	**394.982**	**848.222**	**(453.240)**
Current financial assets			
Payables to banks (due within 12 months)	883.700	6.289	877.411
Financial receivables	499.560		499.560
Current financial liabilities	**1.383.260**	**6.289**	**1.376.971**
Net current financial position	**(988.278)**	**841.933**	**(1.830.211)**
Payables to banks (due over 12 months)	(130)	(462)	332
Financial receivables	(130)	(462)	332
Net medium to long-term financial position	**(988.148)**	**842.395**	**(1.830.543)**
Net financial position	**392.986**	**846.313**	**(453.327)**

INR/LAKHS	31/03/2017	31/03/2016	Change
Bank accounts	272,18	586,16	(313,97)
Cash and other valuables in hand	1,38	1,32	0,06
Cash and equivalents and treasury stock	**273,56**	**587,48**	**(313,91)**
Current financial assets			
Payables to banks (due within 12 months)	612,05	4,36	607,69
Financial receivables	346,00	0,00	346,00
Current financial liabilities	**958,05**	**4,36**	**953,69**
Net current financial position	**(684,48)**	**583,12**	**(1267,60)**
Payables to banks (due over 12 months)	(0,09)	(0,32)	0,23
Financial receivables	0,09	0,32	(0,23)
Net medium to long-term financial position	**(684,39)**	**583,44**	**(1267,83)**
Net financial position	**272,18**	**586,16**	**(313,97)**

The negative net financial position is due to the ordinary funding of the net working capital, in particular trade receivables reflect the negative trends in payments as discussed in this report and the capacity to repay the oldest trade receivables.

For a more detailed description of the financial position, the table below shows a few indicators and their comparison with the corresponding indicators for the previous financial years.

Euro	31/03/2017	31/03/2016	31/03/2015
Cash ratio	0,56	0,88	0,75
Acid test ratio	1,13	1,25	1,25
Debt ratio	6,96	3,58	3,24
Fixed assets coverage ratio	7,43	5,65	3,69

INR/LAKHS	31/03/2017	31/03/2016	31/03/2015
Cash ratio	0,00	0,00	0,00
Acid test ratio	0,00	0,00	0,00
Debt ratio	0,00	0,00	0,00
Fixed assets coverage ratio	0,01	0,00	0,00

The cash ratio is 0.56. The financial situation of the Company is good and adequate to meet the current monthly needs of the company;

The acid test ratio is 1.13. The value of the working capital is satisfactory compared to the amount of current debt. It has slightly worsened from the previous year.

The debt ratio is 6.96. The amount of payables is not a source of concern, since 87% of the payables are with the parent company. The amount of payables to banks is not significant compared to existing own resources, however it is necessary to finance the average time required to collect trade receivables.

The fixed assets coverage ratio 7.43 shows that the amount of own resources and of long-term debt is appropriate if compared to the amount of fixed assets, taking into account the company's technical stock and the financial risk related to the industrial plant held on lease. A increase over last year was recorded.

Environment and staff

In the light of social corporate responsibility, as referred to also in the document on directors' reports issued by the National Board of Tax Consultants and Accounting Experts, information about the environment and the personnel are provided below.

Personnel

There has been no fatality on the job involving any of our employees on payroll during the year, nor any serious accident on the job causing major or extremely serious injuries to any of our employees.

No job-related disease or mobbing case was reported by our employees or former employees during the year, for which the company was declared ultimately liable.

During the year our Company has made significant investments in personnel security through training courses addressed to all company employees, focused in particular on first aid, Fire rescue and the purchase of the PPE required under the laws in force; the Company has met all the obligations required under Legislative Decree no. 81/2008 as amended and supplemented. Our Risk Assessment Report was updated on 23/06/2016.

Environment

No damage to the environment were caused during the accounting period, for which the company was declared ultimately liable. Our company has not been charged with fines or final punishments for offences or damage against the environment during the year.

The Company respects the environment by improving its recycle and reuse policies, especially with paper and packaging boxes, as well as its Energy saving policies. The Company is a member of a Conai (Consorzio nazionale imballaggi - National Packaging Consortium), Ecotyre (Consorzio per lo smaltimento dei pneumatici fuori uso - Consortium for the disposal of used tyres), and Coou (Consorzio obbligatorio degli oli usati - Compulsory Consortium for exhausted oils).

The EC Regulation no. 443/2009 of the European Parliament and Council of 23 April 2009 establishes the performance levels required to reach the target of decreasing CO2 emissions of vehicles in the period 2012-2020. The European Community Target for 2012 is 120 gr/km of CO2. However, it should be underlined that emissions are not assessed for each individual car but as an average of all the new vehicles registered by an individual car maker for that year.

On 20/12/2011, Mahindra obtained from the European Community a derogation of CO2 emissions for motor vehicles (M1) under the EU Directive 443/2009 for five years starting from January 1, 2012.

The target emissions stated in gr/Km:

Years	2012	2013	2014	2015	2016
Mahindra	205	183	173	162	144

In the years 2012-2016, Mahindra average CO2 emissions in Europe were as follows (in gr/km):

Years	2012	2013	2014	2015	2016
Mahindra	179	181	174.9	177.88	172.326

However, in April 2014 the regulation no. 333/2014 modified article 2 of the regulation no. 443/2009, exempting automobile manufactures with less than 1,000 registrations in the territory of European Union from the obligation to comply with CO2 emission targets.

Investments

Investments were made during the year in the following sectors. Details are reporting in the notes to accounts.

(Euro)	
Fixed assets	**Acquisitions for the year**
Plants and machinery	1.898
Equipments	7.860
Others (Business vehicles)	67.919
(INR)Lakhs	
Fixed assets	**Acquisitions for the year**
Plants and machinery	1,31
Equipments	5,44
Others (Business vehicles)	47,04

The company is planning to make investments during the year for the ordinary management of its car fleet and adjusting the warehouse offices with its own funds.

Research & Development activities

The following information is provided pursuant to Section 2428 § 2.1 of the Italian Civil Code:

The company is not engaged in any important Research & Development activity. Such activities are carried out by the parent company Mahindra & Mahindra Ltd. During this year the parent company has launched on the market the new Euro 6 version of XUV500 model for the European countries.

Intercompany relationships

The company has had the following intercompany relationships:

Company Euro	**Trade receivables**	**Trade payables**	**Sales**	**Purchases**
Mahindra & Mahindra Ltd	579.295	11.215.770	707.048	14.822.159
MGRD Srl	**10.736**		**8.800**	
Total	**590.031**	**11.215.770**	**715.848**	**14.822.159**

Company INR	**Trade receivables**	**Trade payables**	**Sales**	**Purchases**
Mahindra & Mahindra	401,22	7768,04	489,70	10265,83
MGRD Srl	7,44	0,00	6,09	0,00
Total	**408,66**	**7768,04**	**495,80**	**10265,83**

These relationships do not include non-typical and/or unusual transactions and are on an arm's length basis, in particular those with the parent company Mahindra & Mahindra Ltd are solely of a trading nature.

Trade receivables are refunds on product warranties recognised and approved by the parent company but not yet settled, while trade payables are invoices for the purchase of vehicles and spares. Purchases relate entirely to vehicles and spare parts, while sales relate to refunds recognised by Mahindra & Mahindra Ltd for product warranties approved.

Relations with the Mahindra Graphic Research Design S.r.l. (MGRD Srl) refer to administrative services done to them during the financial year.

Treasury stock/Shares in parent companies

The company does not own directly or indirectly any treasury stock or shares in parent companies.

Risk statement pursuant to Section 2428 § 2.6-bis of the Italian Civil Code

Pursuant to Section 2428, § 2.6-bis of the Italian Civil Code, information about the use of financial resources are reported below, to the extent affecting the evaluation of the company's equity and financial position.

Some quantitative information are supplied below in order to give indications as to the size of the company's exposure to risks.

Exchange risk

Consistently with its risk management policies, the Company tries to face exchange fluctuations and interest rate risks by means of hedging financial instruments. In spite of these hedging measures, sudden currency fluctuations or unexpected interest rate variations could negatively affect the company's economic performances or net financial position. In the financial year the company has not used foreign exchange transactions.

Credit risk

The company has a good credit standing, the amount of trade payables considered of doubtful collection, about Euro 200,000 INR/LAKHS 138.52, is more than covered by the provision for bad debts.

Our current maximum exposure, without considering collaterals or other elements improving credit quality, amounts to Euro 300,000 INR/LAKHS 207.78, i.e. about 4.6% of trade receivables, and arise from longer average collection times due mostly to the liquidity crisis that is being faced by the companies in the automotive industry.

However, the company holds Euro 2.3 million INR/LAKHS 1592.98 in bank guarantees to cover its trade receivables.

Liquidity risk

As regards the policies and options by which the company plans to cope with liquidity risks, please note that:

- The company holds financial assets that are on a cash market and that can be promptly converted into cash;
- There are enough credit lines to cover cash requirements;
- The company holds deposits with credit institutions to meet its liquidity needs;
- There are several sources of funding;
- There are no significant concentrations of liquidity risk on both the financial assets side and on the sources of funding side.

Market risk

The balance sheet, income statement and financial positions of the company are affected by the various factors of the macro-economic scenario – including the increase or decrease of the GNP, the decree of consumer and enterprise trust, the trends of consumer credit interest rates, the cost of raw materials, the unemployment rate – in each of the countries where the company does business. In a generally weak economic scenario, the demand in the reference areas and markets of the company has significantly reduced compared to pre-crisis levels; the company had to handle with its own resources the drop in sales volumes and the lack of State-funded incentive schemes.

In the event that, despite the measures taken by Governments or monetary authorities or as a consequence of amendments introduced to reduce their scope of application or to remove them, the general weakness of the economy and its consequent impact on the demand for automotive products persists in the future, the activities, strategies and prospects of the Company might be adversely affected and this might in turn reflect in a worsening of the financial position and performance of the Company.

On the other hand, even if there is no recession or deterioration of the credit market, any macro-economic event - such as an increase in energy prices, fluctuations in commodities and other raw material prices, adverse fluctuations in key factors like interest and exchange rates, new government policies (including environment regulations) – capable of adversely affecting the business area where the company operates, might compromise the prospects and activities of the company as well as its financial position and performance.

Even in the present market scenario, the company expects to maintain an adequate ability to generate financial resources out of ordinary operations. The initiatives taken for a procurement compatible with the present sales volumes and stock, and the slow but inevitable recovery of European markets, are expected to reflect positively on the ability to generate cash flows from operations.

The company's policy is to maintain the available liquidity invested in bank accounts, splitting its investments among an adequate number of parties, mainly banks, with the main purpose of having promptly cashable deposits. Banks are selected on the basis of the credit market, reliability and quality of services.

Environmental risks and ruling compliance risks

The business of the company are subject to many EU environmental laws and regulations which are becoming stricter. These regulations also concern, among other things, requirements for products with polluting gas and CO2 emissions, fuel consumption and safeness, waste disposal, water and soil contamination. In order to comply with these laws and regulations, the company uses considerable resources and it is likely that heavy costs will be incurred in future in this respect.

In addition, the changes made by government in respect of tax treatments may substantially influence the level of revenues and retail prices of the company's products. The scope and duration of government measures are neither predictable, nor under the company's control.

Predictable developments

The positive data on sales are likely to be confirmed in the next accounting period. Such growth will be mainly driven by the continued growth of the major markets, Italy,Spain and other EU countries, and by a prudent management of resources and communication in order to make Mahindra brand more known in Europe. -The operating income is expected to remain positive, but not proportionate to the sales volumes because of the fierce competition in the sales of end-of-series-vehicles Euro5b commercial vehicles.

Revaluation of company assets pursuant to Italian Law Decree no. 185/2008

The company does not own any real property and therefore did not use the optional revaluation of corporate assets envisaged by Italian Law no. 342/2000.

We thank you for your trust and we kindly invite you to approve these financial statements.

Chairman of the Board of Directors
Pravin Kumar Shah

Mumbai, 11th May 2017

INDEPENDENT AUDITORS' REPORT

PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE 39/2010 AND ARTICLE 2429, PARAGRAPH 2, OF THE CIVIL CODE

Dear Shareholder of the company Mahindra Europe S.r.l.

Report on the annual financial statements

1. We have carried out the accounting audit on the financial statements of Mahindra Europe S.r.l., attached herewith and composed of the Balance Sheet at 31 March 2017, the Income Statement for the period which closed on that date and the Notes to the Accounts accompanied by the Cash Flow Statement.

The Directors' Responsibility for the Financial Statements

2. The responsibility for preparing the Financial Statements of the period in conformity with the drafting criteria bears on the Board of Directors of Mahindra Europe S.r.l.

The Independent Auditors' Report

3. The Auditor's responsibility is to give a professional opinion on the annual Financial Statements based on the audit of the accounts. We have audited the accounts in compliance with the International Accounting Standards (IAS) implemented through Article 11, paragraph 3, of Legislative Decree 39/10. These standards impose respect for ethical principles, as well as the planning and execution of the accounting audit in order to acquire reasonable certainty that the annual Financial Statements do not contain important errors.

4. The accounting audit involves the performance of a procedure aimed at acquiring evidence of the amounts and of the information contained in the Financial Statements. The chosen procedures depend on the Auditor's professional judgement, including the assessment of the risks of important errors in the Financial Statements due to fraud or to unintentional behaviour or events. In carrying out the said risk assessment, the Auditor considers the internal control relative to the preparation of the company's Financial Statements which must give a true and correct representation, in order to define auditing procedures that are suitable for the circumstances, and not to express an opinion on the effectiveness of the company's internal controls. The accounting audit also contains the assessment of the suitability of the Accounting Standards adopted, of the reasonableness of the amounts estimated by the Directors, and an opinion on the layout and content of the Financial Statements as a whole.

5. We maintain that we have acquired sufficient and suitable evidence on which to base our opinion.

6. The opinion on the financial statements of the previous period, the data of which are presented for purposes of comparison, as required by law, can be found in the report that we issued on 23 May 2016.

Opinion

7. In our opinion, the annual Financial Statements at 31 March 2017 comply with the provisions which discipline the criteria for the drafting of the same; they have been drawn up clearly and give a true and correct representation of the Company's equity and financial situation and economic result.

Report on other legal and regulatory provisions

Opinion on the consistency of the Management Report in respect of the annual Financial Statements

8. We have carried out the procedures indicated in the Auditing Standard no. 720B, in order to express, as required by law, an opinion on the consistency of the Management Report, for which the Directors of Mahindra Europe S.r.l. are responsible for drafting, with the annual Financial Statements of Mahindra Europe S.r.l. at 31 March 2017. In our opinion, the Management Report is consistent with the annual Financial Statements of Mahindra Europe S.r.l. at 31 March 2017.

RB Audit Italia S.r.l

Mr. Roberto Mallardo
Partner

Rome

FINANCIAL STATEMENT AS ON 31/03/2017

Balance Sheet	31/3/2017 Euro	31/3/2017 INR/Lakhs	31/3/2016 Euro	31/3/2016 INR/Lakhs
Assets				
A) Accounts receivable from shareholders in respect of unpaid share capital	**0**	**0.00**	0	0.00
B) Fixed assets				
I. Intangible assets				
1) Industrial patents & intellectual property rights	**8,478**	**5.87**	12,062	8.35
2) Others	**10,374**	**7.19**	11,456	7.93
Total I	**18,852**	**13.06**	23,518	16.29
II. Tangible assets				
1) Plant & Machinery	**27,720**	**19.20**	31,608	21.89
2) Industrial & commercial equipment	**61,384**	**42.51**	66,736	46.22
3) Other Assets	**139,565**	**96.66**	205,304	142.19
Total II	**228,669**	**158.38**	303,648	210.31
III. Financial assets				
1) Equity investments in other companies	**62**	**0.04**	55	0.04
2) Receivables				
d) Other companies due beyond 12 months	**130**	**0.09**	462	0.32
Total III	**192**	**0.13**	517	0.36
Total fixed assets	**247,713**	**171.57**	327,683	226.95
C) Current assets				
I. Stock				
1) Finished goods	**8,196,491**	**5,676.89**	2,598,837	1,799.95
2) Advance	**0**	**0.00**	0	0.00
Total I	**8,196,491**	**5,676.89**	2,598,837	1,799.95
II. Accounts receivable				
1) Trade within 12 months	**6,327,370**	**4,382.34**	4,637,969	3,212.26
2) Parent Company within 12 months	**590,031**	**408.66**	260,415	180.36
4-bis) Tax receivables within 12 months	**208,564**	**144.45**	2,946	2.04
4-ter) Deferred Tax assets within 12 months	**229,851**	**159.19**	224,821	155.71
5) Others				
due within 12 months	**39,617**	**27.44**	33,050	22.89
due beyond 12 months	**42,416**	**29.38**	39,769	27.54
Total II	**7,437,849**	**5,151**	5,198,970	3,601
III. Financial assets other than fixed assets				
IV. Liquid assets				
1) Bank & Post office deposit	**392,986**	**272.18**	846,313	586.16
2) Bank cheque	**0**	**0.00**	0	0.00
3) Cash on hand	**1,996**	**1.38**	1,909	1.32
Total IV	**394,982**	**273.56**	848,222	587.48
Total current assets	**16,029,322**	**11,101.91**	8,646,029	5,988.24
D) Accrued income and prepaid expenses				
Total accrued income and prepaid expenses	**168,519**	**116.72**	174,840	121.09
Total assets	**16,445,554**	**11,390.19**	9,148,552	6,336.29

	31/3/2017		31/3/2016	
	Euro	**INR/Lakhs**	Euro	INR/Lakhs
Liabilities				
A) Shareholders' equity				
I. Share capital	**1,421,151**	**984.29**	1,421,151	984.29
II. Share premium reserve				
III. Revaluation reserve				
IV. Legal reserve	**40,321**	**27.93**	12,528	8.68
V. Reserve for Treasury shares				
VI. Reserves provided for by the articles on association				
VII. Other reserves				
Extraordinary reserve	**308,820**	**213.89**	0	0.00
Advance for share capital				
Rounding off reserve				
Reserve not available to dividends	**219,254**	**151.86**		0.00
VIII. Retained earnings (loss) carry forwards	**0**	**0.00**	0	0.00
IX. Profit (loss) for the year	**72,471**	**50.19**	555,868	384.99
Total shareholders' equity	**2,062,017**	**1,428.15**	1,989,547	1,377.96
B) Provisions for liabilities and charges				
I. Retirement benefits & similar obligations				
II. Taxes, including deferred				
III. Other	**25,571**	**17.71**	31,229	21.63
Total provision for liabilities & charges	**25,571**	**17.71**	31,229	21.63
C) Employees' leaving indemnity				
Total employees' leaving indemnity	**116,576**	**80.74**	102,185	70.77
D) Debt and Payables				
4) Banks within 12 months	**1,383,260**	**958.05**	6,289	4.36
7) Trade within 12 months	**1,367,115**	**946.86**	1,155,312	800.17
11) Parent Company within 12 months	**11,215,770**	**7,768.04**	5,476,802	3,793.23
12) Tax payables within 12 months	**18,570**	**12.86**	164,168	113.70
13) Social security within 12 months	**56,342**	**39.02**	23,390	16.20
14) Other within 12 months	**193,568**	**134.07**	192,946	133.63
Total Debt & payables	**14,234,625**	**9,858.90**	7,018,907	4,861.29
E) Accrued liabilities and deferred income				
Total accrued liabilities and deferred income	**6,765**	**4.69**	6,684	4.63
Total shareholders' equity and liabilities	**16,445,554**	**11,390.19**	9,148,552	6,336.29

PROFIT AND LOSS ACCOUNT

	31/3/2017		31/3/2016	
	Euro	**INR/Lakhs**	Euro	INR/Lakhs
A) Revenues				
1) From sales and services	**15,496,868**	**10,733.13**	15,448,933	10,699.93
2) Changes in stocks of work in process, semi-finished and finished products				
3) Work in progress on order				
4) Capitalised internal work in progress				
5) Other revenues and income				
a) Other revenues and income	**763,084**	**528.51**	535,630	370.98
b) Contribution on trading account				
Total revenues	**16,259,952**	**11,261.64**	15,984,563	11,070.91
B) Expenses				
6) Raw materials, subsidiary materials, consumables and goods	**(17,585,838)**	**(12,179.95)**	(12,419,711)	(8,601.89)
7) Services	**(3,037,935)**	**(2,104.07)**	(2,442,951)	(1,691.99)
8) Rent/lease	**(120,579)**	**(83.51)**	(115,475)	(79.98)
9) Personnel costs				
a) salaries and wages	**(600,551)**	**(415.94)**	(484,679)	(335.69)
b) social contributions	**(184,539)**	**(127.81)**	(173,558)	(120.21)
c) employees' leaving indemnity	**(44,234)**	**(30.64)**	(34,123)	(23.63)
d) accruals for pension and similar costs				
e) other costs	**(748)**	**(0.52)**	(588)	(0.41)
Total 9)	**(830,072)**	**(574.91)**	(692,948)	(479.94)
10) Depreciation and value adjustments				
a) depreciation of intangible assets	**(12,165)**	**(8.43)**	(11,350)	(7.86)
b) depreciation of tangible assets	**(69,386)**	**(48.06)**	(78,658)	(54.48)
c) other value adjustments				
d) write down of accounts receivable recorded among current assets and liquid assets	**(36,000)**	**(24.93)**	(43,800)	(30.34)
Total 10)	**(117,551)**	**(81.42)**	(133,808)	(92.68)
11) Changes in raw materials, subsidiary materials, consumables and goods	**5,597,654**	**3,876.94**	310,224	214.86
12) Accruals to provisions for liabilities and charges	**0**	**0.00**	0	0.00
13) Other accruals	**0**	**0.00**	(21,296	
14) Other operating costs	**(54,264)**	**(37.58)**	(60,737)	(42.07)
Total expenses	**(16,148,585)**	**(11,184.51)**	(15,576,702)	(10,773.67)
Difference between revenues and expenses(A–B)	**111,367**	**77.13**	407,861	297.23
C) Financial income and expense				
15) Income from shareholdings:				
– in controlled undertakings				
– in affiliated undertakings				
– other income		**0.00**		0.00
Total 15)	**0**	**0.00**	0	0.00
16) Other financial income:				
a) from accounts receivable recorded among fixed assets				
a1) controlled undertakings				
a2) from affiliated undertakings				
a3) from controlling companies				
a4) other financial income				
b) from securities recorded among fixed assets				

PROFIT AND LOSS ACCOUNT (CONT.)

	31/3/2017 Euro	31/3/2017 INR/Lakhs	31/3/2016 Euro	31/3/2016 INR/Lakhs
c) from securities recorded among current assets				
d) other income:				
d1) from controlled undertakings				
d2) from affiliated undertakings				
d3) from controlling companies				
d4) other income	**2,748**	**1.90**	71	0.05
Total d)	**2,748**	**1.90**	71	0.05
Total 16)	**2,748**	**1.90**	71	0.05
17) Interest and other financial costs:				
a) from controlled undertakings				
b) from affiliated undertakings				
c) from controlling companies				
d) others financial costs	**(23,689)**	**(16.41)**	(3,177)	(2.20)
Total 17)	**(23,689)**	**(16.41)**	(3,177)	(2.20)
17-bis) Current and deferred exchange gains and losses	**(262)**	**(0.18)**	0	0.00
Total financial income and expense	**(21,203)**	**(14.69)**	(3,106)	(2.15)
D) Value adjustments of financial assets				
18) Write-ups:				
a) of shareholdings				
b) of financial fixed assets				
c) of securities recorded among current assets				
19) Write downs:				
a) of shareholdings				
b) of financial fixed assets		**0.00**		0.00
c) of securities recorded among current assets				
Total value adjustments to financial assets	**0**	**0.00**	0	0.00
E) Extraordinary income and costs				
20) Income:				
– capital gains on disposals of assets				
– other extraordinary income		**0.00**		0.00
Total 20)	**0**	**0.00**	0	0.00
21) Expenses:				
– losses on disposals of assets	**0**	**0.00**	0	0.00
– taxes of previous years		**0.00**		0.00
– other extraordinary costs		**0.00**		0.00
Total 21)	**0**	**0.00**	0	0.00
Total extraordinary income and costs	**0**	**0.00**	0	0.00
Result before taxes (A–B±C±D±E)	**90,164**	**62.45**	404,755	295.08
22) Taxes on the income for the year				
a) Current business year taxes	**(30,778)**	**(21.32)**	(65,343)	(45.26)
b) Tax related previous year	**8,055**	**5.58**	(2,799)	(1.94)
c) Deferred tax liabilities and (assets)	**5,030**	**3.48**	219,255	151.86
23) Profit (loss) of the year	**72,471**	**44.61**	555,868	401.68

"EURO amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 69.26 = Euro 1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India on 31st March 2017".

A lakh is a unit in the Indian numering system equal to one hundred thousand (100.000).
This Financial Statement is in agreement with results of accountant records.

For The Board of Directors:

Pravin Shah

Mumbai, 11st May 2017 *Chairman*

NOTES TO THE FINANCIAL STATEMENTS AS AT 31/03/2017

Values expressed in Euro

Introduction

Dear Quotaholder,

These Financial Statements, submitted for your examination and approval, show a business year profit of Euro 72,471 - INR/Lakhs 50,19, after current tax without deferred tax asset amounting to Euro 30,778 - INR/Lakhs 21,32 and after the allocation of amortizations, depreciations and impairments amounting to 117,552 Euro - 81,42 INR/Lakhs.

Performed activities

Your company carries out its activities in the sector of the distribution of motor vehicles and spare parts, as official importer of Mahindra vehicles on the main European markets, including Italy and Spain and the main countries of Western and Eastern Europe.

Being part of a Group

Your company belongs to the Mahindra Group and is subject to the management and the coordination of MAHINDRA & MAHINDRA Ltd pursuant to article 2497-bis of the Italian Civil Code. It is controlled by Mahindra Overseas Investment Company (Mauritius) Limited, which is totally controlled by Mahindra & Mahindra Ltd.

The Company does not own shares of parent companies, neither directly nor through third parties or trust companies.

The table below shows essential data from the last financial statements approved by Mahindra & Mahindra Ltd. Values are expressed in million INR/LAKHHHS. Please note that Mahindra & Mahindra Ltd prepares yearly consolidated Financial Statements.

Description	Last Financial Statements as at 31/03/2016	Previous Financial Statements as at 31/03/2015
BALANCE SHEET		
ASSETS		
C) Current and Fixed Assets	4,856,832	4,869,180
Total Assets	**4,856,832**	**4,869,180**
LIABILITIES:		
Share capital	2,895,450	2,845,861
D) Payables	1,961,382	2,023,319
Total liabilities	**4,856,832**	**4,869,180**
INCOME STATEMENT		
A) Value of production	5,567,539	5,881,519
B) Cost of production	(5,145,039)	(5,390,666)
Profit (loss) for the year	**422,500**	**490,853**

Description	Last Financial Statements as at 31/03/2016	Previous Financial Statements as at 31/03/2015
BALANCE SHEET		
ASSETS		
C) Current and Fixed Assets	3.363,84	3372,39
Total Assets	**3.363,84**	**3372,39**
LIABILITIES:		
Share capital	2005,39	1971,04
D) Payables	1358,45	1401,35
Total liabilities	**3363,84**	**3372,39**
INCOME STATEMENT		
A) Value of production	3856,08	4073,54
B) Cost of production	(3563,45)	(3733,58)
Profit (loss) for the year	**292,63**	**339,96**

The exchange rate Rupee/Euro was 74.97 as at 31/03/2016 and 67.66 as at 31/03/2015.

Significant events occurred in the business year

The Company obtained from the Ministry of Transport the necessary approval extensions with the corresponding exemptions for its whole range of vehicles, in line with the applicable legal requirements.

The Company obtained by the European Commission the exemptions and the annual exoneration from CO2 requirements for all Mahindra vehicles sold in Europe in the accounting period under examination.

The Company continues its operations in Spain with the direct sales of vehicles through 14 dealers coordinated by a local sales manager. 126 vehicles have been registered on the Spanish market so far.

From mid-March 2015 up to mid-August 2015 the extraordinary unemployment benefit scheme was in force, resulting into a reduction of working hours by approximately 20% of the available working hours.

The company requested and obtained the renewal of the credit lines with Intesa Sanpaolo. They are used to finance vehicles and spare parts import, as well as short term financial needs.

Such credit lines are regulated by standard market conditions and grant the Company appropriate financial means to manage its activities.

In the business year, the number of Directors was increase by one member.

Basis of preparation

These Financial Statements comply with Article 2423 and following of the Italian Civil Code, as shown in these Notes to the Accounts, which are drawn up pursuant to Article 2427 of the Italian Civil Code and are an integral part of the Financial Statements according to Article 2423 of the Italian Civil Code.

Accounting figures are expressed in INR/Lakhs and the amounts are rounded off. Any rounding difference is listed under the item “Reserve from round-offs in INR/Lakhs” in the Net Equity and “Round-offs from INR/Lakhs” under the item “Extraordinary income and charges” in the Income statement.

Pursuant to art. 2423, par. 5 of the Italian Civil Code, values are expressed in INR/Lakhs in the Notes to the Accounts.

Reporting criteria

(Ref. art. 2427, par. 1, no. 1 of the Italian Civil Code and accounting principle OIC [Official Italian Accounting Board] 12.

The accounting principles and evaluation criteria adopted for drawing up the Financial Statements as at 31/03/2017 are in line with those used to draw up the Financial Statements of the previous year.

Individual items were evaluated according to prudence and matching principles on a going concern basis and taking into account the economic function of the asset or liability under consideration.

By applying the prudence principle, every element characterizing single posts or entries among assets or liabilities was assessed individually and losses to be recognized were not settled against non-recognizable profits.

In compliance with the matching principle, the effect of operations and other events was registered in the year which such operations and events refer to and not in the year in which receipts and payments are made.

Applying the same assessment criteria every year is important for the comparability of the company data over the years.

By taking into account the economic function of the asset or liability considered for the evaluation and thus taking into account substance over form - that it is compulsory where not explicitly in conflict with other specific norms on accounting - operations are represented in their economic reality underlying formal aspects.

Exemptions

(Ref. art. 2423, par. 4 of the Italian Civil Code)

There were not exceptional circumstances requiring the use of exemptions under art. 2423, par. 4 of the Italian Civil Code.

In particular, the assessment criteria adopted for the financial statements are described below.

Fixed assets

Intangible fixed assets

They are reported at historical purchase cost, net of depreciations over the years.

The costs relating to plant and machinery, research, development and advertising whose effects regard several different years are depreciated over a period of 5 business years, while the costs for the approval of vehicles are amortized over a period of 3 business years.

Software licenses were recorded in the assets and are amortized over a period of 2 business years.

Improvements to third party assets are amortized with rates depending upon the duration of the contract.

Tangible assets

They are entered at purchase cost and adjusted in the corresponding depreciation funds.

The values in the Financial Statements are expressed taking into account the ancillary costs and the costs incurred using the asset, applying relevant trading and cash discounts.

The depreciation rates entered in the Income Statement have been calculated taking into account the use, the purpose and the economic/technical life of the goods, according to the residual possibility of use. We think that the following rates are appropriate, they were not modified from last year and reduced by half if compared to the first year of use:

PLANT AND MACHINERY

- Specific plants 15%
- Generic plants 10%
- Alarm systems 30%
- Telephone systems 20%

INDUSTRIAL AND COMMERCIAL EQUIPMENT

- Miscellaneous equipment 15%
- Presses 15%

OTHER GOODS

- Electronic machines 20%
- Motor vehicles 20%
- Office furniture and machinery 12%
- Cars 25%
- Fixed equipment 10%

Should durable losses in value arise, regardless of depreciations applied in the accounts, the fixed asset is depreciated accordingly. If the conditions for depreciation are no longer in plake in the following years, the original value is restored, adjusted by depreciations only.

Financial leasing transactions

The equity method has been used to enter financial leasing transactions in the Financial Statements the fees paid are included in the Income Statement on an accrual basis. The relevant section of the Notes to the Accounts contains the complementary information required by law in relation to the representation of financial leasing contracts according to the financial method.

As for financial leasing transactions resulting from lease back operations, gains are recorded in the Income Statement applying the matching principle through deferred income and gradual attribution to revenues in the Income Statement, based on the duration of the financial leasing contract.

Receivables

Receivables are recognized at their estimated realizable value. The adjustment of the nominal value of receivables to the assumed realizable value is obtained through a reserve for bad debts, taking into consideration the general and industrial economic conditions and country risk.

Receivables originally claimable by the end of the year and subsequently transformed into long-term receivables were entered in the Balance Sheet under financial fixed assets.

Receivables were removed from the Financial Statement when contract rights on financial flows resulting from receivables are annulled or if all risks relating to receivables to be cancelled are transferred.

Payables

Payables are recognized at nominal value, modified in case of returned goods or invoicing changes.

Accrued income and prepayments

Prepayments and accrued income are determined on an accrual basis over the year.

The conditions determining the original entry of multi-annual prepayments and accrued income were verified and the required variations were made, where necessary.

Inventory

Raw and auxiliary materials and finished products are entered at purchase or manufacturing cost, whichever is lower, and at the realisation value based on market performance, applying the average weighted cost for spare and accessory parts and the specific cost for automobiles.

The value so obtained is then adjusted with the “Inventory obsolescence provision” in order to take into account the goods for which a realizable value inferior to the cost is expected.

As for the previously depreciated stock, if the conditions causing the reduction of the realizable value no longer exist, the original cost has been restored.

Shareholding

Other shareholdings are recorded at purchase or subscription cost.

The shareholdings recorded under fixed assets represent a durable and strategic investment for the company.

The shareholdings recorded at purchase cost have not been depreciated as they have not undergone any durable losses in value.

Provisions for liabilities and other charges

Provisions for liabilities and charges are allocated to hedge acknowledged or possible losses or payables, whose amount and date cannot not be determined at the end of the business year.

In assessing these provisions, the general criteria of prudence and the accrual basis method were adopted and no general provisions without an economic justification were created.

Potential liabilities were recorded in the Financial Statements and included in the provisions as they were deemed probable and the amount of the relevant cost could be reliably estimated.

Post-employment benefit

This item represents the actual liability for the post-employment benefit (TFR) accrued at year end in favour of employees, calculated in compliance with the applicable law and labour agreements and taking into account all forms of remuneration on a continuous basis.

The provision corresponds to the sum of individual indemnities accrued in favour of employees at the closing date, net of advance payments made, and to the amount to be paid to employees in the case of termination of employment relations on such date.

Income taxes

Income taxes are recognized on an accrual basis. They reflect:

- Provisions for taxes already paid or to be paid during the year, calculated in accordance with applicable rates and laws;
- The amount of deferred taxes or taxes paid in advance relating to temporary differences arising or cancelled during the year.

Revenues

Revenues resulting from the sale of products are recognized at the date of the transfer of ownership, which is usually identified with the delivery or dispatch of the goods. The company sells cars with retention of title under Article 1523 of the Italian Civil Code.

Financial revenues and revenues from services are recognised on an accrual basis.

Revenues and costs relating to transactions in foreign currency are recognized at the exchange rate at the date of the transaction.

Revenues and charges on repurchase transactions, including the difference between forward price and spot price, are entered for the period.

Adjustment criteria

No adjustments were made to the reporting criteria adopted.

Guarantees, pledges, third party assets and risks

The Company has not given any real or personal guarantee for third parties' payables.

They are charged in the memorandum accounts at their nominal value, as derived from related documentary evidences.

The Company does not own third party's goods in its premises, with the exception of the real estate leasing.

The risks for which liabilities are only possible are described in the notes, without any provision being made for risks according to the reference accounting standards.

The risks for which liabilities are only possible are described in the notes, without any provision being made for risks according to the reference accounting standards. Remote risks were not considered.

Staff

(Ref. art. 2427, par. 1, no. 15 of the Italian Civil Code)

The company staff, divided by category, underwent the following changes as compared to the previous year.

Staff	31/03/2017	31/03/2016	Difference
Employees	16	15	1
	16	15	

The applied national labour agreement is the one applied to trade.

Industrial relations are good and there are no litigations with employees still working or dismissed.

The company hired as an apprentice worker during the financial year.

Assets

A) Subscribed capital, unpaid

All quotas are subscribed and fully paid.

B) Fixed assets

I. Intangible fixed assets

Euro €

Balance at 31/03/2017	Balance at 31/03/2016	Difference
18,852	23,518	(4,666)

INR/Lakhs

Balance at 31/03/2017	Balance at 31/03/2016	Difference
13,06	16,29	3,23

Total breakdown of Intangible Fixed Assets

Euro €

Description of costs	Value at 31/03/2016	Increases for the year	Depreciation for the year	Decreases for the year	Value at 31/03/2017
Industrial patent rights	12,062	7,499	11,083	(1)	8,478
Other	11,456		1,082		10,374
Rounding			(1)	1	
	23,518	7,499	12,165		18,852

INR/Lakhs

Description of costs	Value at 31/03/2016	Increases for the year	Depreciation for the year	Decreases for the year	Value at 31/03/2017
Industrial patent rights	8,35	5,19	7,68		5,87
Other Rounding	7,93		0,75		7,19
	16,28	5,19	8,43		13,06

Increases refer to the purchase of the management software licenses.

No intangible fixed assets were subject to previous revaluations or devaluations.

II. Tangible fixed assets

Euro €

Balance at 31/03/2017	Balance at 31/03/2016	Difference
228,669	303,648	(74,979)

INR/Lakhs

Balance at 31/03/2017	Balance at 31/03/2016	Difference
158,38	210,31	(51,93)

Plant and machinery

Euro €

Description	Amount
Historical cost	89,814
Previous years' depreciations	(58,206)
Balance at 31/03/2016	**31,608**
Acquisitions for the year	**1.898**
Transfers for the year	**()**
Depreciations for the year	**(5,786)**
Balance at 31/03/2017	**27,720**

INR/Lakhs

Description	Amount
Historical cost	62,21
Previous years' depreciations	(40,31)
Balance at 31/03/2016	**21,89**
Acquisitions for the year	
Transfers for the year	
Depreciations for the year	**(4,01)**
Balance at 31/03/2017	**19,20**

Fixtures and fittings, tools and equipment

Euro €

Description	Amount
Historical cost	158,511
Previous years' depreciations	(91,775)
Balance at 31/03/2016	**66,736**
Acquisitions for the year	**7,860**
Depreciations for the year	**(13,212)**
Balance at 31/03/2017	**61,384**

INR/Lakhs

Description	Amount
Historical cost	109,78
Previous years' depreciations	(63,56)
Balance at 31/03/2016	**46,22**
Acquisitions for the year	**5,44**
Depreciations for the year	**(9,15)**
Balance at 31/03/2017	**42,51**

Other assets

Description	Euro € Amount
Historical cost	407,291
Previous years' depreciations	(201,987)
Balance at 31/03/2016	**205,304**
Acquisitions for the year	**67,919**
Transfers for the year	**83,270**
Other	
Depreciations for the year	**(50,388)**
Balance at 31/03/2017	**139,565**

Description	INR/Lakhs Amount
Historical cost	282,09
Previous years' depreciations	(139,90)
Balance at 31/03/2016	**142,19**
Acquisitions for the year	**47,04**
Transfers for the year	**57,67**
Other	
Depreciations for the year	**(34,90)**
Balance at 31/03/2017	**96,66**

Increases and decreases refer to company cars and personal computers used by the company.

III. **Financial fixed assets**

Euro €

Balance at 31/03/2017	Balance at 31/03/2016	Difference
192	517	(325)

INR/Lakhs

Balance at 31/03/2017	Balance at 31/03/2016	Difference
0,13	0,36	(0,23)

The balance as at 31/03/2017 includes shareholdings in other companies (INR/Lakhhhs 0,04) e caution deposits (INR/Lakhhhs 0,09); details are given below.

Shareholdings

Euro €

Description	31/03/2016	Increase	Decrease	31/03/2017
Other Companies	0,04			**0,04**
	0,04			**0,04**

Detailed information concerning shareholdings directly or indirectly held in subsidiaries, related companies and other enterprises is given below.

Other companies

Name	Foreign Country or City	Share capital	Net equity	Profits/ Loss	% held	Book value	Reserves of earnings/ capital subject to return or obligations or untaxed	Fair Value
CONAI	ITALY					0,0001		
ECOTYRE	ITALY					0,04		

The shareholdings entered under fixed assets represent a company long term strategic investment and are shown at purchase cost.

The shareholdings recorded at purchase cost have not been written down for impairment loss; no impairment loss was reversed.

No destination of shareholding under fixed assets was changed.

No restrictions are put by any investing company on shareholdings recorded under fixed assets, nor pre-emptive or preferential rights exist thereupon.

No significant transaction was carried out with companies belonging to Conai and Ecotyre Groups.

Receivables

Euro €

Description	31/03/2016	Increase	Decrease	31/03/2017	Relating to repurchase transactions
Other	462,00		(332)	**130,00**	
	462,00		(332)	**130,00**	

INR/Lakhs

Description	31/03/2016	Increase	Decrease	31/03/2017	Relating to repurchase transactions
Other	0,32		(0,23)	**0,09**	
	0,32		(0,23)	**0,09**	

In the item receivables, trade receivables from others amounting to INR/ Lakhs 0,32, refer to the caution deposits made to Italian suppliers of Electricity, Water & Gas, whose details are given below.

The company changed the supplier for Electricity from ENEL to ENI with reduced rates. Changes during the year amounting to Euro 332 is attributed to the refund of security deposit from ENEL.

Euro €

Receivables	From subsidiaries	From associates	From parent companies	From others	Total
Caution deposit Enel				0	0
Caution deposit Acea				104	104
Caution deposit Gas				26	26
Total				130	130

INR/Lakhs

Receivables	From subsidiaries	From associates	From parent companies	From others	Total
Caution deposit Enel				0,00	0,00
Caution deposit Acea				0,07	0,07
Caution deposit Gas				0,02	0,02
Total					

The financial statements do not include financial fixed assets whose amount is higher than their fair value.

C) **Current assets**

I. **Inventories**

Euro €

Balance at 31/03/2017	Balance at 31/03/2016	Difference
8,196,491	2,598,837	5,597,654

INR/Lakhs

Balance at 31/03/2017	Balance at 31/03/2016	Difference
5676,89	1799,95	3876,94

The assessment criteria adopted are the same as the previous year and they are described in the first part of these Notes to the Accounts.

The adopted assessment does not significantly differ from the one using the current cost approach.

The value of inventories is composed of:

Euro €

Description	Amount at 31/03/2017	Amount at 31/03/2016
Vehicles in stock	**4,600,317**	838,266
Vehicles in transit	**2,212,150**	471,890
Spare parts and accessories	**1,285,169**	1,177,552
Equipment and advertising	**98,855**	111,129
Total	**8,196,491**	2,598,837

INR/Lakhs

Description	Amount at 31/03/2017	Amount at 31/03/2016
Vehicles in stock	**3186,18**	580,58
Vehicles in transit	**1532,14**	326,83
Spare parts and accessories	**890,11**	815,57
Equipment and advertising	**68,47**	76,97
Total	**5676,89**	1799,95

The increase in stock at the company is contributed equally by XUV500 and Commercial vehicles (Goa, Genio, Quanto). Hence the working capital required for the company increased during this year.

Stock vehicles refer to the vehicles stored in the warehouse at the Ariccia headquarters and at the warehouse of third party logistics companies in Livorno, Italy and Spain.

The Company has not used its stock obsolescence provision, which was amounting to INR/Lakhs 0 at 31/03/2016.

II. Receivables

Euro €

Balance at 31/03/2017	Balance at 31/03/2016	Difference
7,437,849	5,198,970	2,238,879

INR/Lakhs

Balance at 31/03/2017	Balance at 31/03/2016	Difference
5.151,45	3.600,81	1.550,65

The balance is broken down by expiry dates as follows:

Euro €

Description	Within 12 months	Beyond 12 months	Beyond 5 years	Total	Relating to repurchase transactions with a fixed deadline
From clients	6,327,370			6,327,370	
From parent companies	579,295			579,295	
From companies sub. control of parent companies	10,736			10,736	
Tax receivables	205,618	2,946		208,564	
Taxes paid in advance	229,851			229,851	
From others	39,617	42,416		82,033	
	7,392,487	45,362		7,437,849	

INR/Lakhs

Description	Within 12 months	Beyond 12 months	Beyond 5 years	Total	Relating to repurchase transactions with a fixed deadline
From clients	4.382,34			4.382,34	
From parent companies	401,22			401,22	
From companies sub. control of parent companies	7,44			7,44	
Tax receivables	142,41	2,04		144,45	
Taxes paid in advance	159,19			159,19	
From others	27,44	29,38		56,82	
	5.120,04	31,42		5.151,46	

There are neither receivables with a duration of more than five years, nor receivables of a significant amount, nor receivables that involve repurchase with a fixed deadline.

Accounts receivables as at 31/03/2017 amount to Euro 6,717,307 - INR/Lakhs 4.652,41 and include the following:

Description	Euro € Amount
Account receivables	**6,327,370**
From parent companies	**579,295**
From companies sub.control of parent companies	**10,736**
Provision for bad debts	**(200,094)**
	6,717,307

Description	INR/Lakhs Amount
Account receivables	**4.382,34**
From parent companies	**401,22**
From companies sub.control of parent companies	**7,44**
Provision for bad debts	**(138,59)**
	4.652,41

The nominal value of receivables was adjusted to reflect the estimated realizable value by means of a Provision for bad debts which underwent the following changes during the year:

Description	Euro € Provision for bad debts
Balance at 31/03/2016	165,859
Use during the year	**(1,765)**
Provision of the year	**36,000**
Balance at 31/03/2017	**200,094**

Description	INR/Lakhs Provision for bad debts
Balance at 31/03/2016	114,87
Use during the year	**(1,21)**
Provision of the year	**24,93**
Balance at 31/03/2017	**138,59**

The Provision for bad debts is within the limits set forth in Article 2426 of the Italian Civil Code and shows a difference amounting to Euro 413 - INR/Lakhs 0,29 as against Article 106 par. 2 of Presidential Decree no. 917/1986.

Receivables from parent companies amount to Euro 579,295 - INR/Lakhs 401,22 and reflect the costs for repairs and services rendered on behalf or to the benefit of the parent company, as well as the costs for advertising campaigns.

Receivables from parent company subjet to the control of Mahindra & Mahindra equal to Euro 10,736 INR/Lakhs 7,44.

IRAP tax refund due reflects the receivables relating to the request for reimbursement concerning the labour cost which could be deducted from income tax under Law Decree no. 16/2012.

Deferred tax asset (pre-paid taxes) amounting to Euro 229,851 - INR/Lakhs 159,19 concern deductible temporary differences and are described in the last part of these Notes.

The company included the taxes paid in advance concerning fiscal losses (IRES) for the year under examination and previous years.

Account receivables as at 31/03/2017 amount to Euro 82,033 - INR/Lakhs 56,82 and include the following:

Euro €

Description	Amount
Receivables from insurance for TFR	**42,416**
Receivables from employees	**16,992**
Receivables from INAIL	**8,132**
Receivables from insurances	**5,318**
Receivables from tax authorities for reduced VAT contributions	**4,312**
Account receivables	**4,863**
Total	**33,050**

INR/Lakhs

Description	Amount
Receivables from insurance for TFR	**29,38**
Receivables from employees	**11,77**
Receivables from INAIL	**5,63**
Receivables from insurances	**3,68**
Receivables from tax authorities for reduced VAT contributions	**2,99**
Account receivables	**3,37**
	56,82

The breakdown of receivables as at 31/03/2017 by geographical area is shown in the table below:

Euro €

Receivables by geographical area	Account receivables	From tax	From deferred tax asset	From parent companies/ companies sub.control of parent companies	From others	Total
Italy	4,820,815	208,564	229,851	10,736	82,033	5,351,999
India				579,295		579,295
Spain	1,225,962					1,225,962
Macedonia	66,823					66,823
Hungary	41,373					41,373
Serbia	29,539					29,539
France	15,242					15,242
Austria	2,170					2,170
Greece	2,016					2,016
Slovacchia	123,430					123,430
Total	**6,327,370**	**208,564**	**229,851**	**590,031**	**82,033**	**7,437,849**

INR/Lakhs

Receivables by geographical area	Account receivables	From tax	From deferred tax asset	From parent companies	From others	Total
Italy	3.338,90	144,45	159,19	7,44	56,82	3,706,79
India				401,42		401,42
Spain	849,10					849,10
Macedonia	46,28					46,28
Hungary	28,65					28,65
Serbia	20,46					20,46
France	10,56					10,56
Austria	1,50					1,50
Greece	1,40					1,40
Slovacchia	89,49					85,49
Total	**4.382,34**	**1445,45**	**159,19**	**408,66**	**56,82**	**5,151,45**

III. Financial assets: None.

IV. Cash and cash equivalents

Euro €

Balance at 31/03/2017	Balance at 31/03/2016	Difference
394,982	848,222	(453,240)

INR/Lakhs

Balance at 31/03/2017	Balance at 31/03/2016	Difference
273,56	587,48	(313,91)

Euro €

Description	31/03/2017	31/03/2016
Bank and post office accounts	**392,986**	846,313
Cheques		
Cash and other valuables in hand	**1,996**	1,909
	394,982	848,222

INR/Lakhs

Description	31/03/2017	31/03/2016
Bank and post office accounts	**272,18**	586,16
Cheques		
Cash and other valuables in hand	**1,38**	1,32
	273,56	587,48

The balance reflects the cash available on hand and the existence of cash and cash equivalent at year-end.

D) Prepayments and accrued income

Euro €

Balance at 31/03/2017	Balance at 31/03/2016	Difference
168,519	174,840	(6,321)

INR/Lakhs

Balance at 31/03/2017	Balance at 31/03/2016	Difference
116,72	121,09	(4,38)

Prepayments and accrued income include income and charges whose accrual is anticipated or delayed compared to the actual date of payment and/or of the document; they are not linked to the date of payment or collection of income and charges which can be attributed to different financial years and can be broken down by time.

The criteria used for the assessment and translation of values expressed in foreign currency are reported in the first part of these Notes.

Multi-year accruals having a duration of more than 5 years refer to the leasing contract rate and amount to Euro 143,884 - INR/Lakhs 99,65 – as at 31/03/2017.

This item is detailed below.

Description	Euro € Amount
Insurance and road tax	**8,124**
Maxi Rate	**143,884**
Maxi rate vehicles	**5,573**
UNRAE	**5,250**
Other expenses	**5,688**
	168,519

Description	INR/Lakhs Amount
Insurance and road tax	**5,63**
Maxi Rate	**99,65**
Maxi rate vehicles	**3,86**
UNRAE	**3,64**
Office equipment rental	**3,94**
	116,72

The maxi fee paid amounts to Euro 254,745 - INR/Lakhs 176,44 – and concerns the financial leasing contract for the industrial building which was executed in 2009. This contract is described in the last part of these Notes.

Liabilities

A) Shareholder's Equity

Euro €

Balance at 31/03/2017	Balance at 31/03/2016	Difference
2,062,017	1,989,547	72,470

INR/Lakhs

Balance at 31/03/2017	Balance at 31/03/2016	Difference
1.428,15	1.377,96	50,19

Euro €

Description	31/03/2016	Increases	Decreases	31/03/2017
Share capital	1,421,151			**1,421,151**
Legal reserve	12,528	27,793		**40,321**
Other reserves		528,075		**528,075**
Profit (loss) of previous year	0			**0**
Rounding difference	0			**0**
Profits (losses) brought forward	0			**0**
Net profit (loss) for the year	555,868	72,471	555,868	**72,471**
Total	1,989,547	628,339	555,868	**2,062,017**

INR/Lakhs

Description	31/03/2016	Increases	Decreases	31/03/2017
Share capital	984,29			**984,29**
Legal reserve	8,68	19,25		**27,93**
Other reserves	0	365,74		**365,74**
Profit (loss) of previous year	0			**0**
Rounding difference	0			**0**
Profits (losses) brought forward	0			**0**
Net profit (loss) for the year	384,99	50,19	384,99	**50,19**
Total	1377,96	435,18	384,99	**1428,15**

The share capital amounts to Euro 1.421.151 - INR/Lakhs 984,29 and is made up of quotas with a nominal value of 1 Euro, held by and fully available to the sole shareholder as no burdens exist on them. At year-end the shares subscribed are paid in as the total amount of the share capital was fully paid-up.

In shareholders' equity there are reserves or other funds that, in the case of distribution, do not contribute to the taxable income.

Reserve	Amount Euro
Reserve for losses cover on 31/03/2014	11,074

Reserve	Amount INR
Reserve for losses cover on 31/03/2014	7,67

B) Funds for risks and contingencies

Euro €

Balance at 31/03/2017	Balance at 31/03/2016	Difference
25,571	31,229	(5.658)

INR/Lakhs

Balance at 31/03/2017	Balance at 31/03/2016	Difference
17,71	21,63	(3,92)

Euro €

Description	31/03/2016	Increases	Decreases	31/03/2017
Other	31,229		5.658	**25,571**
	31,229		5.658	**25,571**

INR/Lakhs

Description	31/03/2016	Increases	Decreases	31/03/2017
Other	21,63		3,92	**17,71**
	21,63		3,92	**17,71**

The item 'Other funds' as at 31/03/2017 amounts to EURO 25,571 INR/Lakhs 17,71 and includes the following:

Description	Euro € As at 31/03/17
Fund for guarantees	**22,188**
Fund for tax assessment	**3,383**
	25,571

Description	INR/Lakhs As at 31/03/17
Fund for guarantees	**15,37**
Fund for tax assessment	**2,34**
	17,71

The other provisions were made to the Guarantee fund, because it has been considered not adequate to cover contract discrepancies between what has been acknowledged by the Company and what has been received by the Parent company.

At the drawing up date of these financial statements, the company decided not to provide any further amount to the fund for tax assessment since the available amount is deemed adequate to cover the Italian Revenue Office (Agenzia delle Entrate) notice of assessment dated 31/05/2011 which adjusts and liquidates more taxes on real estate amounting to Euro 11,521 - INR/Lakhs 7,98. The Company appealed the Regional Tax Commission of Lazio [Commissione Tributaria Regionale] on that claim and paid a part of such tax amounting to Euro 7,532 - INR/Lakhs 5,22.

During the year, the value of the Tax Review Fund dropped by Euro 624 for appeal costs. On 25/01/2017, judgment no. 1733/2017 Sez. 11 filed on 29/03/2017 with which the Regional Tax Commission of Rome has partially accepted the taxpayer's appeal with a difference of € 135,000 on the sale price of 2009 and compensates for the costs of the double degree. The company is awaiting publication of the reasons and terms of appeal in the Supreme Court.

C) Post-employment benefit

Euro €

Balance at 31/03/2017	Balance at 31/03/2016	Difference
116,576	102,185	14,391

INR/Lakhs

Balance at 31/03/2017	Balance at 31/03/2016	Difference
80,74	70,77	9,97

The difference is broken down as follows:

Euro €

Difference	31/03/2016	Increases	Decreases	31/03/2017
Post-employment benefit, changes in the period	102,185	14,391		**1106,576**

INR/Lakhs

Difference	31/03/2016	Increases	Decreases	31/03/2017
Post-employment benefit, changes in the period	70,77	9,97		**80,74**

The amount provided reflects the actual payables of the company as at 31/03/2017 to the employees working on said date, net of the advance payments made and of payments overdue before 31/03/2017.

In the year after 31/03/2017 employees are not expected to receive a post-employment benefit because of "encouraged resignations" and company restructuring measures.

D) Payables

Euro €

Balance at 31/03/2017	Balance at 31/03/2016	Difference
14,234,625	7,018,907	7,215,718

INR/Lakhs

Balance at 31/03/2017	Balance at 31/03/2016	Difference
9.858,90	4.861,29	4.997,61

Payables are entered at nominal value. Their due dates are detailed below:

Euro €

Description	Due within 12 months	Due after 12 months	Due after 5 years	Total	Relating to repurchase transactions with a fixed deadline
Payables to banks	1,383,260			1,383,260	
Trade payables	1,367,115			1,367,115	
Payables to parent companies	11,215,770			11,215,770	
Tax payables	18,570			18,570	
Payables to Social security agencies	56,342			56,342	
Other payables	193,568			193,568	
	14,234,625			14,234,625	

INR/Lakhs

Description	Due within 12 months	Due after 12 months	Due after 5 years	Total	Relating to repurchase transactions with a fixed deadline
Payables to banks	958,05			958,05	
Trade payables	946,86			846,86	
Payables to parent companies	7,768,04			7,768,04	
Tax payables	12,86			12,86	
Payables to Social security agencies	39,02			39,02	
Other payables	134,07			134,07	
	9858,90			9858,90	

Payables to banks as at 31/03/2017, amounting to EURO 1,383,260 INR/Lakhs 958,05 and including payables due to bank credit cards.

"Payables to suppliers" are entered net of trade discounts; cash discounts are recorded upon payment. The nominal value of these payables has been adjusted in case of returns or allowances (invoice adjustments) by the corresponding amount agreed with the other party.

As for payables to parent companies, they refer to vehicles' and spare parts' supplies under normal market conditions.

The item "Tax payables" only includes liabilities for acknowledged taxes.

It includes payables to the state for the withholding taxes paid amounting to Euro 18,570 - INR/Lakhs 12,86.

Payables to social security agencies as at 31/03/2017 are broken down as follows:

Euro €

Description	Amount
INPS contributions	42,066
INAIL	9,433
Manager contributions	4,843
	56,342

INR/Lakhs

Description	Amount
INPS contributions	29,13
INAIL	6,53
Manager contributions	3,35
	39,02

Other payables as at 31/03/2017 are broken down as follows:

Euro €

Description	Amount
Employees' salaries	112,718
Remuneration of statutory auditors	15,177
Payables to Insurance Companies	12,856
Payables for additional social security	9,028
Bank's debit	18,885
Other payables	24,904
	193,568

INR/Lakhs

Description	Amount
Employees' salaries	78,07
Remuneration of statutory auditors	10,51
Payables to Insurance Companies	8,90
Payables for additional social security	6,25
Bank's debit	13,08
Other payables	17,25
	134,07

The breakdown of Payables as at 31/03/2017 by geographical area is shown in the table below.

Euro €

Payables by geographical area	Account payables	To banks	Tax	To parent companies	To others	Total
Italy	**1,128,650**	**1,383,260**	**18,570**		**249,910**	**2,780,390**
India	**25,000**			**11,215,770**		**11,240,770**
Spain	**182,830**					**182,830**
Serbia	**7,832**					**7,832**
Slovakia	**6,759**					**6,759**
Hungary	**6,989**					**6,989**
Greece	**2,668**					**2,668**
Macedonia	**4,088**					**4,088**
Bosnia	**1,442**					**1,442**
France	**395**					**395**
others	**462**					**462**
Total	**1,367,115**	**1,383,260**	**18,570**	**11,215,770**	**249,910**	**14,234,625**

INR/Lakhs

Payables by geographical area	Account payables	To subsidiaries	To associates	To parent companies	To others	Total
Italy	**781,70**	**958,05**	**12,86**		**273,09**	**1925,70**
India	**17,32**			**7768,04**		**7785,36**
Spain	**126,63**					**126,63**
Serbia	**5,42**					**5,42**
Slovakia	**4,69**					**4,69**
Hungary	**4,84**					**4,84**
Greece	**1,85**					**1,85**
Macedonia	**2,83**					**2,83**
Bosnia	**1,00**					**1,00**
france	**0,27**					**0,27**
Others	**0,32**					**0,32**
Total	**946,86**	**958,05**	**12,86**	**7.768,04**	**273,09**	**9.858,90**

Payables are not covered by any security guarantee on corporate assets.

E) Accrued expenses and deferred income

Euro €

Balance at 31/03/2017	Balance at 31/03/2016	Difference
6,765	6,684	81

INR/Lakhs

Balance at 31/03/2017	Balance at 31/03/2016	Difference
4,69	4,63	0,06

They are adjusting entries calculated on an accrual basis.

The criteria adopted to assess and translate the amounts expressed in foreign currency are described in the first part of these Notes.

There are no accrued expenses and accrued income as at 31/03/2017 having a duration of more than 5 years.

This item is detailed below.

Euro €

Description	**Amount**
IMU	**3,882**
TARES	**2,83**
	6,765

INR/Lakhs

Description	**Amount**
IMU	**2,69**
TARES	**2,00**
	4,69

Euro 3,882 - INR/Lakhs 2,69 is the IMU tax instalment relating to the first quarter of 2017 (January-March).

TARES Tax amounts to Euro 2,83 - INR/Lakhs 2,00 and represents the instalment relating to the first quarter of 2017 (January-March).

Income statement

A) Value of production

Euro €

Balance at 31/03/2017	Balance at 31/03/2016	Difference
16,259,952	15,984,563	275,389

INR/Lakhs

Balance at 31/03/2017	Balance at 31/03/2016	Difference
11.261,64	11.070,91	190,73

Euro €

Description	**31/03/2017**	**31/03/2016**	**Difference**
Revenues for sales and services	**15,496,868**	15,448,933	47,935
Other revenues and income	**763,084**	535,630	227,454
	16,259,952	15,984,563	275,389

INR/Lakhs

Description	**31/03/2017**	**31/03/2016**	**Difference**
Revenues for sales and services	**10733,13**	10.699,93	33,20
Other revenues and income	**528,51**	370,98	157,53
	11.261,64	11.070,91	190,73

The change in the values is strictly linked to what has been described in the Directors' Report.

Revenues for sales and services are detailed as follows:

Revenues by activity category

Euro €

Category	**31/03/2017**
Sales of goods	**14,117,124**
Sales of products	**1,247,153**
Sales of accessories	**110,010**
Services rendered	**22,581**
Other	
	15,496,868

INR/Lakhs

Category	**31/03/2017**
Sales of goods	**9.777,52**
Sales of products	**863,78**
Sales of accessories	**76,19**
Services rendered	**15,64**
Other	
	10.733,13

Revenues by geographical area

Euro €

Area	**Sales**	**Services**	**Total**
Italy			**11,053,229**
Spain			**2,983,756**
Hungary			**723,499**
Greece			**73,896**
Slovakia			**420,792**
Bosnia			**148,829**
Macedonia			**51,316**

Area	Sales	Services	Euro € Total
Croazia			**17,188**
Austria			**11,659**
France			**9,634**
Bulgaria			**2,402**
Other			**668**
			15,496,868

Area	Sales	Services	INR/Lakhs Total
Italy			7.655,47
Spain			2.066,55
Hungary			501,10
Greece			51,18
Slovakia			291,44
Bosnia			103,08
Macedonia			35,54
Croazia			11,90
Austria			8,08
France			6,67
Bulgaria			1,66
Other			0,46
			10.733,13

Services rendered refer to reimbursements for guarantees issued on the European market and for trade incentives or marketing expenses.

B) Costs of production

Balance at 31/03/2017	Balance at 31/03/2016	Euro € Difference
16,148,585	15,576,702	571,883

Balance at 31/03/2017	Balance at 31/03/2016	INR/Lakhs Difference
11.184,51	10.788,42	396,09

Description	31/03/2017	31/03/2016	Euro € Difference
Raw materials, supplies, consumables and merchandise	**17,585,838**	12,419,711	5,166,127
Services	**3,037,935**	2,442,951	594,984
Cost of rents and leases	**120,579**	115,475	5,104
Salaries and wages	**600,551**	484,679	115,872
Social security and welfare contributions	**184,539**	173,558	10,981
Severance pay	**44,234**	34,123	10,111
Other personnel costs	**748**	588	160
Amortization of intangible fixed assets	**12,165**	11,350	815
Depreciation of tangible fixed assets	**69,386**	78,658	(9,272)
Write-off of receivables	**36,000**	43,800	(7,800)
Change in inventory of raw materials	**(5,597,654)**	(310,224)	(5,287,430)
Other operating expenses	**54,264**	60,737	(6,473)
Provisions for warranties		21,296	(21,296)
	16,148,585	15,576,702	571,883

Description	31/03/2017	31/03/2016	INR/Lakhs Difference
Raw materials, supplies, consumables and merchandise	**12179,95**	8.601,89	3578,06
Services	**2.104,07**	1.691,99	412,09
Cost of rents and leases	**83,51**	79,98	3,54
Salaries and wages	**415,94**	335,69	80,25
Social security and welfare contributions	**127,81**	120,21	7,61
Severance pay	**30,64**	23,63	7,00
Other personnel costs	**0,52**	0,41	0,11
Amortization of intangible fixed assets	**8,43**	7,86	0,56
Depreciation of tangible fixed assets	**48,06**	54,48	(6,42)
Write-off of receivables	**24,93**	30,34	(5,40)
Change in inventory of raw materials	**(3876,94)**	(214,86)	(3662,08)
Other operating expenses	**37,58**	42,07	(4,49)
Provisions for warranties		14,75	(14,75)
	11184,50	10.788,44	396,08

Raw materials, supplies, consumables and merchandise and Services

They are strictly linked to what the Directors' Report describes and to the evolution of item A (Value of production) of the Income statement.

The reduction of the cost of rents and leases is due to redemptions in the current accounting period relating to a fleet leasing contract.

Personnel costs

Personnel costs include all costs relating to the personnel, i.e. category changes, merit salary increases, automatic cost-of-living increases, costs of holidays not taken, allowances and collective contracts.

Depreciation of tangible fixed assets

Depreciations were calculated on the basis of the lifecycle of the item and its use in the production phase.

Write-off of credits included in current assets and cash and cash equivalents

The write-off of trade receivables refers to those credits which are not likely to be recovered.

Other operating expenses

They refer to taxes other than income tax, subscriptions and other charges.

C) Financial income and expenses

Balance at 31/03/2017	Balance at 31/03/2016	Euro € Difference
(21,203)	(3,106)	(18,097)

Balance at 31/03/2017	Balance at 31/03/2016	INR/Lakhs Difference
(14,69)	(2,15)	(12,53)

Financial income

Description	31/03/2017	31/03/2016	Euro € Difference
Income other than above	**2,748**	71	2,677
(Interest and other financial expenses)	**(23,689)**	(3,177)	(20,512)
Exchange gain (loss)	**(262)**		(262)
	(21,203)	**(3,106)**	**(18,097)**

Description	31/03/2017	31/03/2016	INR/Lakhs Difference
Income other than above	**1,90**	0,05	1,85
(Interest and other financial expenses)	**(16,41)**	(2,20)	(14,21)
Exchange gain (loss)	**(0,18)**		(0,18)
	(14,69)	**(2,15)**	**(12,53)**

Investment income

The item is not included in these Financial Statements.

Other financial income

Euro €

Description	Parent companies	Subsidiaries	Associates	Others	Total
Bank and post office interests		22,552			22,552
		22,552			**22,552**

INR/Lakhs

Description	Parent companies	Subsidiaries	Associates	Others	Total
Bank and post office interests		15,62			15,62
		15,62			**15,62**

Interest and other financial expenses

Euro €

Description	Parent companies	Subsidiaries	Associates	Others	Total
Bank interest					22,552
Bank expenses					
					22,552

INR/Lakhs

Description	Parent companies	Subsidiaries	Associates	Others	Total
Bank interest					15,62
Bank expenses					
					15,62

Bank interest rates incurred are due to financing of import transactions for a total of € 3,838,530, of which € 2,461,030 were repaid during the year.

The increase in interest expense is increase in working capital requirements during the year.

The total amount of exchange losses on the income statement of Euro 262 refers to exchange differences between forward contracts and spot contracts on the date on which the contract was concluded. There are no gains on unrealized exchange rates at the end of the year.

Income tax for the year

Euro €

Balance at 31/03/2017	Balance at 31/03/2016	Difference
17,693	(151,113)	168,806

INR/Lakhs

Balance at 31/03/2017	Balance at 31/03/2016	Difference
12,29	(104,66)	92,37

Euro €

Taxes	Balance at 31/03/2017	Balance at 31/03/2016	Difference
Current taxes:	**30,778**	65,343	(34,565)
IRES	**8,062**	29,224	(21,162)
IRAP	**22,716**	36,119	(13,403)
Tax referred to previous period	**(8.055)**	2,799	(10,854)
Deferred (anticipated) taxes	**(5,030)**	(219,255)	214,225
IRES	**(5,273)**	(218,773)	213,500
IRAP	**243**	(482)	725
	17,693	**(151,113)**	**168,806**

INR/Lakhs

Taxes	Balance at 31/03/2017	Balance at 31/03/2016	Difference
Current taxes:	**21,32**	45,26	(23,94)
IRES	**5,58**	20,24	(14,66)
IRAP	**15,73**	25,02	(9,28)
Tax referred to previous period	**(5,58)**	1,94	(7,52)
Deferred (anticipated) taxes	**(3,48)**	(151,84)	148,37
IRES	**(3,65)**	(151,52)	147,87
IRAP	**0,17**	(0,33)	0,50
	12,25	**(104,66)**	**116,92**

Taxes due in the year were included.

The reconciliation between tax charges in the financial statements and theoretical tax charges is detailed below:

Reconciliation between the tax charge in the financial statements and the theoretical tax charge (IRES)

Euro €

Description	Value	Taxes
Result before taxes	90,164	
Theoretical tax burden (%)	27,5	24,795
Temporary differences subject to taxes in the next years:		
Temporary differences which can be deducted in the next years:		
Non deductible share of credit write-off	413	
Business expenses	2,184	
	2,597	
Reversal of temporary differences from previous years		
Use of provision	(75,525)	
Income from asset sales	(12,526)	
Warranty provision utilization	(5,034)	
Leasing	(4,108)	
Other	(9,945)	
	(107,138)	
Differences that will not be carried forward to next years		
Non deductible costs	99,412	
Leasing on land	31,348	
IMU and TIA	15,528	
Non deductible maintenance	14,675	
	160,963	
Taxable income	146,586	
Losses from previous years up to 80%		
Current taxes on income for the year		8,062

INR/Lakhs

Description	Value	Taxes
Result before taxes	62,45	
Theoretical tax burden (%)	0,02	17,17
Temporary differences subject to taxes in the next years:		
Temporary differences which can be deducted in the next years:		
Non deductible share of credit write-off	0,29	
Business expenses	1,51	
	1,80	
Reversal of temporary differences from previous years		
Use of provision for bad debts	(52,31)	
Income from asset sales	(8,81)	
Warranty provision utilization	(3,49)	
Leasing	(2,85)	
Other	(6.89)	
	(74,20)	
Differences that will not be carried forward to next years		
Non deductible costs	68,85	
Leasing on land	21,71	
IMU and TIA	10,75	
Non deductible maintenance	10,16	
Other non deductible costs		
	111,48	
Taxable income	101,53	
Losses from previous years up to 80%		
Current taxes on income for the year		5,58

Calculation of IRAP taxable income

Euro €

Description	Value	Taxes
Difference between value and cost of production	977,439	
Non relevant costs for IRAP purposes	42,138	
Deductions for employees	(592,346)	
Use of funds		
Non relevant revenues for IRAP purposes		
	427,231	
Theoretical tax burden (%)	4.82	20,593
Temporary difference, deductible in next years:		
Provision for loan losses	36,000	
Irap taxable income	463,231	
Current IRAP tax for the year		22,716

INR/Lakhs

Description	Value	Taxes
Difference between value and cost of production	676,97	
Non relevant costs for IRAP purposes	29,18	
Deductions for employees	(410,26)	
Use of funds		
Non relevant revenues for IRAP purposes		
	295,90	
Theoretical tax burden (%)	4.82	14,26
Temporary difference, deductible in next years:		
Provision for loan losses	24,93	
Irap taxable income	320,83	
Current IRAP tax for the year		15,73

Pursuant to article 2427, par. 1 no. 14 of the Italian Civil Code the required information on deferred and pre-paid taxes is provided below:

Deferred / pre-paid taxes

Pre-paid taxes paid concerning the guarantees fund were recorded as it is deemed likely that the Company will have a taxable income not lower than the differences that will be written off in the future.

The main temporary differences which led to enter deferred and pre-paid taxes in the accounts and their effects are detailed in the table below.

Deferred and pre-paid taxes and relevant effects:

Euro €

	Business Year 31/03/2017	
	Temporary differences	**Tax effect**
Pre-paid taxes:		
Guarantee fund	5,034	1,451
Business losses	(27,004)	(6,481)
Total	(21,970)	(5,030)

INR/Lakhs

	Business Year 31/03/2017	
	Temporary differences	**Tax effect**
Pre-paid taxes:		
Guarantee fund	3,49	1,00
Business losses	(18,70)	(4,49)
Total	(15,22)	(3,48)

As described in the paragraph on tax receivables for taxes paid in advance, Deferred tax asset (pre-paid taxes) were recorded if resulting from tax losses for the current and previous years, as there is reasonable certainty that in the next years the company will gain sufficient taxable income to fully absorb such losses.

Financial leasing transactions

The company has 1 financial leasing contract for which the following information is disclosed pursuant to Article 2427, first par., no. 22, of the Italian Civil Code:

In compliance with the instructions given by the OIC 12 the following table shows the effects that would have been produced on Net Equity and on Income statement if leasing transactions were calculated with the financial method as compared with the equity method whereby the fees paid are entered in the Income statement.

- Leasing contract no. 00928065/001 dated 09/06/2009;
- Leasing contract duration: 216 months;
- The property is used is an industrial building;
- Price of the item: Euro 1,698,300 - INR/Lakhs 1.176,24;
- Down payment on lease contract on 11/06/2009: Euro 254.745 - INR/Lakhs 176,44;
- Current value of lease contract instalments still to be paid: Euro 1,268,849 INR/Lakhs 878,80+VAT;
- Actual financial charge of the leasing contract accrued in the year: Euro 43,603 - INR/Lakhs 30,20;
- Value of the property at year end considered as a fixed asset: Euro 1,146,479 - INR/Lakhs 794,05;
- Virtual depreciation for the period: Euro 50,949 - INR/Lakhs 35,29;
- Value adjustments and recoveries for the year: Euro 144,229 - INR/Lakhs 99,89
- Actual tax rate: 4.20

Information on financial instruments issued by the company

The company did not issue financial instruments.

Information on the fair value of derivative financial instruments

The company has no derivative financial instruments.

Information on transactions with related parties

The company did not carry out significant transactions with related parties.

On January 28, 2014, the company signed a consultancy agreement with MBO Europe S.r.l. Expired at the end of April 2016. During the year, the company carried out transactions at market conditions with it for a value of Euro 10,980 for the purchase of goods and equal to Euro 2,931 for sale.

Significant transactions with the parent company have a commercial nature and were concluded under normal market conditions. Please refer to the Directors' report for details.

Non-significant transactions of Euro 8,800 with the company controlled by the parent company were of a commercial nature and were concluded at market conditions.

Information on agreements not shown in the balance sheet

The company has no agreements other than those shown in the Balance Sheet.

Information on the compensation due to the independent auditors

As required by law, the compensation due for the year for the services rendered by the independent auditors for the auditing of the annual accounts for Euro 10,252 - INR/Lakhs 7,10 is hereby disclosed.

Other information

As required by law, the total compensations due to the directors and members of the supervisory board are hereby disclosed.

Position	Euro € Compensation
Directors	0
Sole Auditor	14,768

Position	INR/Lakhs Compensation
Directors	0
Sole Auditor	10,23

Financial statement

Financial information are provided below, as required by accounting standard OIC no. 10.

	Description	Business year 31/03/2017	Business year 31/03/2016
A.	**Financial flow of operating activities**		
	Profit (loss) for the year	72,471	555,868
	Income taxes	17,693	(151,113)
	Interest payables (interest receivables)	20,941	3,106
	Income from asset sales	(19,820)	(30,005)
	(Dividends)		
	Capital gains on disposals included in item A5		
	Capital gains on disposals not included in item no. 5		
	Capital gains on disposals included in item B14		
	Capital losses on disposals		
	Total (capital gains)/capital losses on disposals of:		
	tangible fixed assets		
	intangible fixed assets		
	financial fixed assets		
1.	**Net profit (loss) for the year before income taxes, interests, dividends, capital gains/losses on disposals**	91,285	377,853
	Adjustments of non monetary items without offsetting item		
	Provision for funds	14,391	49,576
	Depreciation of fixed assets	81,551	90,007
	Impairment losses		
	Other adjustments for non monetary items	(13,547)	(13,547)
2.	**Financial flow before changes in the net working capital**	187,227	503,892
	Changes in the net working capital		
	Decrease/(increase) of inventories	(5,597,654)	(310,224)
	Decrease/(increase) of account receivables	(1,689,401)	(2,138,985)
	Decrease/(increase) of account payables	211,803	464,167
	Decrease/(increase) of accrued income and prepayments	6,321	13,947
	Decrease/(increase) of accrued liabilities	81	118
	Other changes in the net working capital	5,150,200	2,210,047
3.	**Financial flow after changes in the net working capital**	(1,731,423)	742,962
	Other adjustments		
	Interests received/(paid)	(20,941)	(3,106)
	(Income tax for the year)	(90,427)	(43,874)
	Received dividends		
	(Use of funds)	(5,658)	(40,537)
4.	**Financial flow after other adjustments**	(1,848,449)	(655,445)
FINANCIAL FLOW OF OPERATING ACTIVITIES (A)			
B.	**Financial flows from investment activities**		
	Tangible fixed assets	(77,677)	(46,838)
	(Investments)		
	Price of divestitures made	83,270	30,005
	Intangible fixed assets	(7,499)	(10,430)
	(Investments)		
	Price of divestitures made	19,890	1
	Financial fixed assets	(7)	
	(Investments)		
	Price of divestitures made	332	
	Non fixed financial assets (Investments)		
	Price of divestitures made		
	Purchase or disposal of subsidiaries or company sectors net of cash and cash equivalents		
FINANCIAL FLOW FROM INVESTMENT ACTIVITIES (B)		18,239	(27,262)
C.	**Financial flows from financing activities**		
	Third party financing		
	Increase (decrease) in short-term payables to banks	1,376,971	(178,996)
	Loans raised		
	Loans repaid		

Description	Business year 31/03/2017	Business year 31/03/2016
Equity		
Paid in capital increase	1	
Disposal (purchase) of treasury shares		
Dividends (and advance on dividends) paid		
FINANCIAL FLOW FROM FINANCING ACTIVITIES (C)	1.376,970	(178,996)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B–C)	(453,240)	449,187
Initial cash and cash equivalents	848,222	399,035
Final cash and cash equivalents	394,982	848,222

Description	Business year 31/03/2017	Business year 31/03/2016
A. Financial flow of operating activities		
Profit (loss) for the year	50,19	384,99
Income taxes	12,25	(104,66)
Interest payables (interest receivables)	14,50	2,15
Income from asset sales	(13,73)	(20,78)
(Dividends)		
Capital gains on disposals included in item A5		
Capital gains on disposals not included in item no. 5		
Capital gains on disposals included in item B14		
Capital losses on disposals		
Total (capital gains)/capital losses on disposals of:		
tangible fixed assets		
intangible fixed assets		
financial fixed assets		
1. Net profit (loss) for the year before income taxes, interests, dividends, capital gains/losses on disposals	63,22	261,70
Adjustments of non monetary items without offsetting item		
Provision for funds	9,97	34,34
Depreciation of fixed assets	56,48	62,34
Impairment losses		
Other adjustments for non monetary items	(9,38)	(9,38)
2. Financial flow before changes in the net working capital	129,67	349,00
Changes in the net working capital		
Decrease/(increase) of inventories	(3876,94)	(214,86)
Decrease/(increase) of account receivables	(1170,08)	(1481,46)
Decrease/(increase) of account payables	146,69	321,48
Decrease/(increase) of accrued income and prepayments	4,38	9,66
Decrease/(increase) of accrued liabilities	0,06	0,08
Other changes in the net working capital	3,567,03	1,530,68
3. Financial flow after changes in the net working capital	(1.199,18)	514,58
Other adjustments		
Interests received/(paid)	(14,50)	(2,15)
(Income tax for the year)	(62,63)	(30,39)
Received dividends		
(Use of funds)	(3,92)	(28,08)
4. Financial flow after other adjustments	(1,280,24)	(453,97)
FINANCIAL FLOW OF OPERATING ACTIVITIES (A)	513,88	635,95
B. Financial flows from investment activities		
Tangible fixed assets	(53,80)	(32,44)
(Investments)		
Price of divestitures made	57,67	2,08
Intangible fixed assets	(5,19)	(7,22)
(Investments)		
Price of divestitures made	13,73	
Financial fixed assets	0	
(Investments)		
Price of divestitures made	0,23	
Non fixed financial assets		
(Investments)		
Price of divestitures made		
Purchase or disposal of subsidiaries or company sectors net of cash and cash equivalents		
FINANCIAL FLOW FROM INVESTMENT ACTIVITIES (B)	12,63	(18,88)
C. Financial flows from financing activities		
Third party financing		
Increase (decrease) in short-term payables to banks	953,69	(123,97)
Loans raised		
Loans repaid		
Equity		
Paid in capital increase	0	
Disposal (purchase) of treasury shares		
Dividends (and advance on dividends) paid		
FINANCIAL FLOW FROM FINANCING ACTIVITIES (C)	953,69	(123,97)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B–C)	(313,91)	311,11
Initial cash and cash equivalents	587,48	276,37
Final cash and cash equivalents	273,56	587,48

Allocation of profits

We propose to the Shareholders to allocate the profits as follows:

Result for the year as at 31/03/2017	**Euro**	**72,471**	**INR/Lakhs**	**50.19**
5% to legal reserve	**Euro**	**3,624**	**INR/Lakhs**	**2.51**
to extraordinary reserve	**Euro**	**68,847**	**INR/Lakhs**	**47.68**

These Financial Statements, made up of the Balance Sheet, Income Statement and Notes to the Accounts, give a true and fair representation of the Company's economic and financial situation and of its economic result for the year. They truly reflect the accounting records.

Chairman of the Board of Directors

Pravin Kumar Shah

Registered Office

MAHINDRA GRAPHIC RESEARCH DESIGN S.R.L. – ONE QUOTA-HOLDER VIA DEL BABUINO 51 - ROMA

Capital: € 960,000.00 (Rs. in lakhs 792.86) fully paid
Fiscal Code and Company Register in Rome n. 09855051000
R.E.A. N. RM - 1192862
Company subject to the coordination and control of Mahindra & Mahindra Ltd

Directors Report on the Financial Statement for the year ended on 31.03.2017

Report of the Directors to the Quota-holder

Dear Quota-holder,

The Company was incorporated on February 12, 2008.

The Financial Statements as at March 31st, 2017 (F17) report a gross operating Profit of Euro 1,35,381 (Rs. in lakhs 93.76) vis-a-visa gross operating profit of Euro 3,29,726 (Rs. in lakhs 228.37) in the previous year (F16) and a Net Loss of Euro 133140 (Rs. in lakhs 92.21) vis-à-vis a Net Profit of Euro 9,166 (Rs. in lakhs 6.35) in the previous year.

Performance during the year:

The revenue of the company is Euro 3.2 mln in F17 v/s Euro 4.1 mln in F16. The major areas from where company is deriving revenues are US, India and Italy.

During the year the company has received product design & development work from Mahindra & Mahindra Ltd, its group company and external customers. The company continues with a policy of cost containment to restrict losses.

In order to guarantee customers, a greater security, privacy and data protection, company is maintaining necessary design infrastructure.

Future Prospects:

The company is geared up to provide the required skilled design services of future requirements. The company continues to execute projects of M&M Group product development activities and mainly dependent on M&M's product development plans.

The thrust to get Non M&M business will continue in future as well. The company is cautiously observing for the signs in revival of auto industry in Europe and are hopeful in getting good business from European auto manufacturers.

Holding Company:

The Company's holding company is Mahindra Overseas Investment Company (Mauritius) Limited, a company incorporated under the laws of Republic of Mauritius.

Directors:

Pravin Kumar Shah	Jose Ebenezer
Bharat Moossaddee	Nicola Paglietti
Angelantonio Molfetta	

Chairman of the Board of Directors

Pravin Kumar Shah

Place: TO – Italy
Date: May 2, 2017

INDEPENDENT AUDITOR'S REPORT

pursuant to art. 14 of Legislative Decree n. 39 dated January 27, 2010 (Translation from the original Italian text)

To the Sole Shareholder of

Mahindra Graphic Research Design S.r.l.

We have audited the financial statements of Mahindra Graphic Research Design S.r.l., drawn up in abbreviated form in accordance with art. 2435-bis of the Civil Code, which comprise the statement of financial position at March 31, 2017, the income statement and the statement of cash flows for the year then ended and the related explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Italian rules governing the drafting criteria.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) drawn up pursuant to article 11 of Legislative Decree n. 39/2010. 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 audit procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The audit procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view, to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Mahindra Graphic Research Design S.r.l. at March 31, 2017 and of the economic result and cash flows for the year then ended in accordance with the Italian rules governing the drafting criteria.

Other matter

The financial statements of Mahindra Graphic Research Design S.r.l. for the year ended March 31, 2016, was audited by another auditor who, on May 25, 2016, expressed an unmodified opinion on this financial statements.

Mahindra Graphic Research Design S.r.l., as required by Italian law, has indicated in the notes to the financial statements the key financial data of the last financial statements of the company exercising on it management and coordination activities (Mahindra & Mahindra Ltd). Our opinion on the financial statements of Mahindra Graphic Research Design S.r.l. does not extend to such data.

Turin, Italy

Baker Tilly Revisa S.p.A.
Signed by: Nicola Fiore - Partner

This report has been translated into the English language solely for the convenience of Shareholders of Mahindra Graphic Research Design S.r.l..

FINANCIAL STATEMENTS AS ON 31/03/2017

BALANCE SHEET

	Total as at 31/03/2017			Year as at 31/03/2016		
	Euro	**Euro/Lakhs**	**INR/Lakhs**	Euro	Euro/Lakhs	INR/Lakhs
Assets						
B) Fixed assets						
I – Intangible fixed assets	**197,186**	**1.97**	**136.57**	427,381	4.27	296.00
II – Tangible fixed assets	**35,131**	**0.35**	**24.33**	56,362	0.56	39.04
Total fixed assets (B)	**232,317**	**2.32**	**160.90**	483,743	4.84	335.04
C) Current assets						
II – Receivables	**929,568**	**9.30**	**643.82**	903,222	9.03	625.57
due within the following year	**929,568**	**9.30**	**643.82**	586,219	5.86	406.02
due beyond the following year				317,003	3.17	219.56
IV – Liquid funds	**333,711**	**3.34**	**231.13**	809,758	8.10	560.84
Total current assets (C)	**1,263,279**	**12.63**	**874.95**	1,712,980	17.13	1,186.41
D) Accrued income and prepayments	**29,959**	**0.30**	**20.75**	33,570	0.34	23.25
Total assets	**1,525,555**	**15.26**	**1,056.60**	2,230,293	22.30	1,544.70
Liabilities						
A) Shareholders' equity						
I – Share capital	**960,000**	**9.60**	**664.90**	960,000	9.60	664.90
IV – Legal reserve	**14,359**	**0.14**	**9.95**	5,193	0.05	3.60
VI – Other reserves	**2**	**0.00**	**0.00**	2	0.00	0.00
VIII – Retained earnings (accumulated losses)	**(119,970)**	**(1.20)**	**(83.09)**	(119,970)	(1.20)	(83.09)
IX – Profit (loss) for the year	**(133,140)**	**(1.33)**	**(92.21)**	9,166	0.09	6.35
Total Shareholders' Equity	**721,251**	**7.21**	**499.54**	854,391	8.54	591.75
C) Total reserve for severance indemnities (TFR)	**328,097**	**3.28**	**227.24**	326,452	3.26	226.10
D) Payables	**474,160**	**4.74**	**328.40**	1,023,991	10.24	709.22
due within the following year	**474,160**	**4.74**	**328.40**	1,023,991	10.24	709.22
due beyond the following year						
E) Accrued liabilities and deferred income	**2,047**	**0.02**	**1.42**	25,459	0.25	17.63
Total liabilities and shareholders' equity	**1,525,555**	**15.26**	**1,056.60**	2,230,293	22.30	1,544.70

	Total as at 31/03/2017			Year as at 31/03/2016		
	Euro	**Euro/Lakhs**	**INR/Lakhs**	Euro	Euro/Lakhs	INR/Lakhs
Profit and loss account						
A) Value of production						
1) Revenues from sales and services	**2,967,817**	**29.68**	**2,055.51**	4,098,121	40.98	2,838.36
5) Other income and revenues	**229,117**	**2.29**	**158.69**	71,159	0.71	49.28
Total value of production	**3,196,934**	**31.97**	**2,214.20**	4,169,280	41.69	2,887.64
B) Cost of production						
6) Raw, ancillary and consumable materials and goods for resale	**1,498**	**0.01**	**1.04**	31,234	0.31	21.63
7) Services	**970,378**	**9.70**	**672.08**	1,400,521	14.01	970.00
8) Use of third party assets	**89,708**	**0.90**	**62.13**	120,702	1.21	83.60
9) Payroll and related costs						
a) wages and salaries	**1,413,764**	**14.14**	**979.17**	1,562,240	15.62	1,082.01
b) related salaries	**451,235**	**4.51**	**312.53**	500,274	5.00	346.49
c) severance	**111,957**	**1.12**	**77.54**	116,706	1.17	80.83
e) other costs				84,834	0.85	58.76
Total payroll and related costs	***1,976,956***	***19.77***	***1,369.24***	2,264,054	22.64	1,568.08
10) Amortisation, depreciation and writedowns						
a) amortisation of intangible fixed assets	**231,910**	**2.32**	**160.62**	241,169	2.41	167.03
b) depreciation of tangible fixed assets	**21,231**	**0.21**	**14.70**	25,039	0.25	17.34
d) writedowns of accounts included among current assets	**2,403**	**0.02**	**1.66**	2,500	0.03	1.73
Total Amortisation, depreciation and writedowns	***255,544***	***2.56***	***176.99***	268,708	2.69	186.11
14) Other operating expenses	**23,013**	**0.23**	**15.94**	23,043	0.23	15.96
Total cost of production	**3,317,097**	**33.17**	**2,297.42**	4,108,262	41.08	2,845.38
Difference between value and cost of production (A - B)	**(120,163)**	**(1.20)**	**(83.22)**	61,018	0.61	42.26
C) Financial income and expense						
16) Other financial income						
d) Income other than the above	**720**	**0.01**	**0.50**	408	0.00	0.28
Total income other than the above	***720***	***0.01***	***0.50***	408	0.00	0.28
17) Interest and other financial expense	**65**	**0.00**	**0.05**	5,595	0.06	3.88
Total interest and other financial expense	**65**	**0.00**	**0.05**	5,595	0.06	3.88
Total financial income and expense (15 + 16 - 17 + - 17-bis)	**655**	**0.01**	**0.45**	(5,187)	(0.05)	(3.59)

	Total as at 31/03/2017			Year as at 31/03/2016		
	Euro	**Euro/Lakhs**	**INR/Lakhs**	Euro	Euro/Lakhs	INR/Lakhs
Profit before taxes (A - B + - C + - D)	**(119,508)**	**(1.20)**	**(82.77)**	55,831	0.56	38.67
20) Taxes on the income for the year						
Current taxes	**5,103**	**0.05**	**3.53**	48,957	0.49	33.91
taxes related to previous years	**9**	**0.00**	**0.01**			
Deferred tax assets and liabilities	**8,520**	**0.09**	**5.90**	(2,292)	(0.02)	(1.59)
Total taxes on the income for the year	**13,632**	**0.14**	**9.44**	46,665	0.47	32.32
21) Net profit (loss) for the year	**(133,140)**	**(1.33)**	**(92.21)**	9,166	0.09	6.35

Exchange rate was (1 Euro=Rs 69,26) for both financial years for convenience translation.
A lakh is a unit in the Indian numering system equal to one hundred thousand (100.000).

This Financial Statements is in agreement with results of accountant records.

Beinasco (TO)
Date: May 2, 2017

For and behalf of the Board

Pravin Kumar Shah
President

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31-03-2017

First part of the notes to the accounts

Dear shareholders,

These financial statements, submitted for your examination and approval, show a net loss for the year of € 133.140 (Rs in Lakhs 92,21).

Accounts have been prepared in accordance with article 2423 of the Italian Civil Code, as modified by D.lgs. 139/2015 and by new Italian GAAPap (OIC) realised on 22nd December 2017.

The comparison of information with previous year figures will need to take into account, if necessary, of the changes of the format of the financial statements and notes to the accounts as per D.lgs 139/2015 and new Italian GAAP realised on 22nd December 2016.

The accounts have been prepared in accordance with the Law In order to provide a true and correct of the financial situation of the company and of the economic result.

Balance sheet and profit and loss have been prepared in accordance with articles 2424 and 2425 of the Italian Civil Code.

The company exploited the possibility granted by Law to prepare the accounts in the "short" format in accordance with Article 2435 bis of the Italian Civil Code.

For the same reason the company did not prepare the cash flow and the management report.

Overall performance

The company recorded a decrease in turnover of around 23% in comparison to accounting period 2015/2016.

However, the company continued to perform services to other group companies and specifically to Mahindra North American Technical Center Inc. incorporated by Mahindra Vehicle Manufacturers Ltd. Total turnover was Euro 2.967.817 (Rs in Lakhs 2055.51) of which 87% coming from group companies and 13% coming from other customers. The target for accounting period 2017/2018 will be to increase turnover.

The gross operating margin for normal operations is negative at € 96.139 (Rs in Lakhs 66,59).

31/03/2017	Euro
Net Revenues	**2.967.817**
External Costs	**1.087.000**
Value Added	**1.880.817**
Labour Costs	**1.976.956**
Gross Operating margin	**(96.139)**

31/03/2017	Rupee/Lakhs
Net Revenues	**2.055,51**
External Costs	**752,86**
Value Added	**1.302,65**
Labour Costs	**1.369,24**
Gross Operating margin	**(66,59)**

Significant events during the year

Normal operations have continued after the balance sheet date.

On the 13th April 2017 the company signed an agreement with Unions in order to access "CIG" starting from 18th April 2017 to 27th May 2017 and related to 23 employees.

Basis of preparation

The following financial statements have been prepared in accordance with articles 2423 et seq of the Italian Civil Code, as reported in these notes, which have been drawn up in compliance with article 2427 of the Italian Civil Code, and, under article 2423, constitute an integral part of the financial statements for the year.

The valuation criteria applied to items and adjustments in the financial statements comply with the provisions of the Italian Civil Code and with the guidance issued by the Italian Accounting Board.

The financial statements are presented in Euros and the amounts have been rounded. Any rounding differences have been recorded in the "Euro rounding reserve" within Shareholders' Equity and as "Euro rounding differences" within item "extraordinary income and costs" in the Profit and loss account.

In accordance with article 2423, paragraph 5, of the Italian Civil Code, the notes to the accounts have been prepared in Euros.

The financial statements have been drawn up in abbreviated form in accordance with article 2435 of the Italian Civil Code.

Valuation Criteria

The criteria used in the preparation of the financial statements for the year ended 31/03/2017 have not changed from those used in the financial statements of the previous year, in particular with respect to the principles of valuation and consistency.

All items in the financial statements have been valued in accordance with the general principles of prudence and accruals and on a going-concern basis, also taking into account the economic function of the asset or liability.

The application of the prudence principle entailed the assessment of the individual elements of each asset and liability in order to prevent losses that should be recognised from being offset against unrealised profits which should not.

In accordance with the accrual principle, the effects of transactions and other events are recognised in the period to which they refer, and not in the period in which the associated cash flows (receipts and payments) occur.

Consistency of valuation criteria over time is fundamental for ensuring the comparability of the company's financial statements between different periods.

Recognition of assets and liabilities on the basis of their economic function reflects the principle of substance over form – obligatory where not expressly contrary to other specific accounting principles – and makes it possible to report transactions in accordance with the economic reality underlying the formal aspects.

Structure and contents of the financial statement

The Balance Sheet, P&L Account and accounting disclosures contained in these Explanatory Notes comply with the accounting entries from which they were directly obtained.

In accordance with article 2423 ter of the Italian Civil Code, it should be noted that all financial statement items are comparable with the previous fiscal year; thus it was necessary to adjust any items of the previous fiscal year.

In reference to the indications in the introduction to these Explanatory Notes, we declare that, in accordance with article 2423, 3rd paragraph of the Italian Civil Code, if the disclosures required by specific legal provisions are not sufficient for giving a truthful and fair representation of the company's situation, additional disclosures are provided considered necessary for this purpose.

Measurement policies

The criteria used to valuate the financial statements' items and to adjust the values comply with the provisions of the Italian Civil Code and with the instructions found in the accounting principles issued by the Italian Accounting Board. In addition, said values did not change compared to the previous fiscal year, except as will be specified below in the comments to the individual items.

The criteria applied to measure the financial statement items and in value adjustments comply with the provisions of the Italian Civil Code and instructions contained in the accounting standards issued by the Italian Accounting Board. They have not changed compared to the previous fiscal year.

In accordance with article 2427, paragraph 1, n° 1 of the Italian Civil Code, the most significant valuation criteria adopted in observance of the provisions of art. 2426 of the Italian Civil Code are shown, with special reference to the balance sheet items for which the law allows several valuation and adjustment criteria or for which no specific criteria are provided.

Based on application of the provision introduced with the company law reform, the accounting amounts expressed in foreign currency were entered, after conversion into euro according to the current exchange rate at the time of their assessment, or at the exchange rate, if lower, on the date of closing of the financial year, if the reduction in value was lasting.

Other information

Assets and liability in foreign currency

If present, they have been converted into Euro to the exchange rate at the date of the transaction or at the exchange rate of year end in accordance to OIC 26.

Transaction with re-conveyance obligation

The company did not carry any transaction subject to re-conveyance

Notes to the accounts Assets

Intangible fixed assets

I. Intangible fixed assets

Euro

Balance as at 31/03/2016	Balance as at 31/03/2017	Change
427.381	**197.186**	(230.195)

Rupee/Lakhs

Balance as at 31/03/2016	Balance as at 31/03/2017	Change
296,00	**136,57**	(159,43)

Intangible assets are recorded at historical acquisition cost and shown net of accumulated amortisation charged directly to the individual items.

Purchased goodwill has been recorded at an amount equal to the cost incurred and paid to G.R. GraficaRicerca Design S.r.l. in 2008 for the acquisition of a business unit, and is amortised on a straight-line basis over 10 years. This period does not exceed the expected useful life of the assets.

Rights to use intellectual property are amortised at an annual rate of 20%. These relate only to software. Annual fees for the use of graphic licenses are recognised on an accrual basis in the Profit and loss account.

In the event that, regardless of the amortisation already recorded, an impairment loss occurs, the fixed asset is written down accordingly. If in subsequent years the reasons for the write-down should cease to apply then the original value is reinstated, adjusted for the relevant amortisation.

Changes in intangible fixed assets

Euro	Industrial patent rights and rights to use intellectual property	Goodwill	Other intangible fixed assets	Total intangible fixed assets
Balance at beginning of year				
Cost	491.005	2.203.461	23.360	2.717.826
Book value	23.413	403.968	–	427.381
Change during the year				
Increases due to acquisitions	1.715			1.715
Amortisation for the year	11.564	220.346		231.910
Total change	(9.849)	(220.346)		(230.195)
Balance at end of year				
Cost	492.720	2.203.461		2.696.181
Accumulated amortisation	479.156	2.019.839		2.498.995
Book value	13.564	183.622		197.186

Rupee/Lakhs	Industrial patent rights and rights to use intellectual property	Goodwill	Other intangible fixed assets	Total intangible fixed assets
Balance at beginning of year				
Cost	340,07	1.526,12	16,18	1.882,37
Book value	16,22	279,79	–	296,01
Change during the year				
Increases due to acquisitions	1,19	0,00	0,00	1,19
Amortisation for the year	8,01	152,61	0,00	160,62
Total change	(6,82)	(152,61)	0,00	(159,43)
Balance at end of year				
Cost	341,26	1.526,12	0,00	1.867,37
Accumulated amortisation	331,86	1.398,94	0,00	1.730,80
Book value	9,39	127,18	0,00	136,57

Tangible fixed assets

II. Tangible fixed assets

Euro		
Balance as at 31/03/2016	**Balance as at 31/03/2017**	**Change**
56,362	**35,131**	(21,231)

Rupee/Lakhs		
Balance as at 31/03/2016	**Balance as at 31/03/2017**	**Change**
39,04	**24,33**	(14,70)

Changes in tangible fixed assets

Tangible Assets

Tangible assets are recorded at acquisition cost and shown net of accumulated depreciation.

The carrying amounts take into account incidental costs and costs sustained for the use of the fixed asset, less any material trade or cash discounts.

The depreciation rates charged to the profit and loss account have been calculated bearing in mind the use, destination, and the economic and technical life of the assets, based on the criterion of remaining useful life. We believe that this criterion is properly represented by the following rates which have not changed from the previous year and which are reduced by half in the year that an asset comes into operation:

- Equipment: 15%
- Furnishings: 12%
- Motor vehicles: 20%
- Office machinery, furniture and fittings: 12%
- Electrical office machinery: 20%
- Internal communication devices: 25%

In the event that, regardless of the depreciation already recorded, an impairment loss occurs, the fixed asset is written down accordingly. If in subsequent years the reasons for the write-down should cease to apply then the original value is reinstated, adjusted for the relevant depreciation.

No assets have been discretionarily or voluntarily revalued and the valuations carried out have been determined objectively based on the use of the assets in question.

Plant and machinery

Euro	
Description	**Balance**
Historical cost	4,229
Accumulated depreciation	(4,229)
Balance as at 31/03/2017	
Balance as at 31/03/2016	

Rupee/Lakhs	
Description	**Balance**
Historical cost	2,93
Accumulated depreciation	(2,93)
Balance as at 31/03/2017	
Balance as at 31/03/2016	

Industrial and commercial equipment

Euro	
Description	**Balance**
Historical cost	33.061
Accumulated depreciation	(29.609)
Balance as at 31/03/2016	**3.451**
Depreciation charge for the year	(1.222)
Balance as at 31/03/2017	**2.229**

Rupee/Lakhs	
Description	**Balance**
Historical cost	22,90
Accumulated depreciation	(20,51)
Balance as at 31/03/2016	**2,39**
Depreciation charge for the year	(0,85)
Balance as at 31/03/2017	**1,54**

Other assets

Euro	
Description	**Balance**
Historical cost	315.692
Accumulated depreciation	(262.781)
Balance as at 31/03/2016	**52.911**
Acquisitions during the year	–
Disposals during the year	–
Reversal of write-down	–
Depreciation charge for the year	(20.009)
Balance as at 31/03/2017	**32.902**

Rupee/Lakhs	
Description	**Balance**
Historical cost	218,65
Accumulated depreciation	(182,00)
Balance as at 31/03/2016	**36,65**
Acquisitions during the year	–
Disposals during the year	–
Reversal of write-down	–
Depreciation charge for the year	(13,86)
Balance as at 31/03/2017	**22,79**

Euro	**Plant and Machinery**	**Industrial and commercial equipment**	**Other tangible fixed assets**	**Total tangible fixed assets**
Balance at beginning of year				
Cost	4.229	33.060	315.692	352.981
Accumulated depreciation	4.229	29.609	262.781	296.619

Euro	Plant and Machinery	Industrial and commercial equipment	Other tangible fixed assets	Total tangible fixed assets
Book value	–	3.451	52.911	56.362
Change during the year				
Increases due to acquisitions	–	–		
Decreases due to disposals and retirement (of book value)	–	–		
Depreciation for the year	–	1.222	20.009	21.231
Other changes	–	–		
Total change	–	(1.222)	(20.009)	(21.231)
Balance at end of year				
Cost	4.229	33.060	315.692	352.981
Accumulated depreciation	4.229	30.831	282.790	317.850
Book value	–	2.229	32.902	35.131

Rupee/Lakhs	Plant and Machinery	Industrial and commercial equipment	Other tangible fixed assets	Total tangible fixed assets
Balance at beginning of year				
Cost	2,93	22,90	218,65	244,47
Accumulated depreciation	2,93	20,51	182,00	205,44
Book value	–	2,39	36,65	39,04
Change during the year				
Increases due to acquisitions	–	–	–	–
Decreases due to disposals and retirement (of book value)	–	–		–
Depreciation for the year	–	0,85	13,86	14,70
Other changes	–	–	–	–
Total change	–	(0,85)	(13,86)	(14,70)
Balance at end of year				
Cost	2,93	22,90	218,65	244,47
Accumulated depreciation	2,93	21,36	195,86	220,14
Book value	–	1,54	22,79	24,33

Finance lease transactions

Disclosures relating to finance lease transactions

Finance lease transactions (leasing)

At the balance sheet date there were no finance leases.

Current assets

Current assets: Accounts receivable

Receivables

Receivables are recorded at their estimated realisable value. The nominal value of receivables is adjusted to this value through the provision for bad debts, taking general economic and sector conditions and also country risk into consideration.

Receivables are derecognised in the financial statements when the rights to the cash flows from the assets expire or when the assets are sold and all the risks connected to them are transferred.

Euro	Balance at beginning of year	Change during the year	Balance at end of year	Amount due within the year	Amount due after the year end
Receivables from clients included in current assets	425.177	(373.386)	51,791	51.791	–
Receivables from associated company included in current assets	–	404.418	404.418	404.418	–
Receivables from parent company included in current assets	77.894	(55,834)	22.060	22.060	–
Tax credits included in current assets	80.832	59.456	140.288	140.288	–
Deferred taxes included in current assets	315.456	(8.521)	306.935	306.935	–
Other receivables included in current assets	3.863	213	4.076	4.076	–
Total receivables included in current assets	903.222	26.436	929.568	929.568	–

Rupee/Lakhs	Balance at beginning of year	Change during the year	Balance at end of year	Amount due within the year	Amount due after the year end
Receivables from clients included in current assets	294,48	(258,61)	35,87	35,87	–
Receivables from associated company included in current assets	–	280,10	280,10	280,10	–
Receivables from parent company included in current assets	53,95	(38.67)	15,28	15,28	–
Tax credits included in current assets	55,98	41,18	97,16	97,16	–
Deferred taxes included in current assets	218,48	(5,90)	212,58	212,58	–
Other receivables included in current assets	**2,68**	**0,14**	**2,82**	**2,82**	–
Total receivables included in current assets	**625,57**	**18,24**	**643,81**	**643,81**	–

Receivables from parent company" are receivables related to transactions concluded under normal market conditions.

The full amount for deferred taxes has been prudently allocated to amounts due in over one year even if it is likely that it will be partially used in the course of the following year in relation to the possibility of converting deferred tax assets into tax credits to be offset in accordance with regulations currently in force .

Breakdown by geographical area of receivables included in current assets

The distribution of accounts receivable as at 31/03/2017 by geographical area is shown in the table below.

Euro

Geographical area	Italy	India	USA	Total
Receivables from clients included in current assets	51.791	–	–	51.791
Receivables from associated company included in current assets	–	–	404.418	404.418
Receivables from parent company included in current assets	–	22.060	–	22.060
Tax credits included in current assets	140.288	–	–	140.288
Deferred taxes included in current assets	306.935	–	–	306.935
Other receivables included in current assets	**4.076**	–	–	**4.076**
Total accounts receivable included in current assets	**503.090**	**22.060**	**404.418**	**929.568**

Rupee/Lakhs

Geographical area	Italy	India	USA	Total
Receivables from clients included in current assets	35,87	–	–	35,87
Receivables from associated company included in current assets	–	–	280,10	280,10
Receivables from parent company included in current assets	–	15,28	–	15,28
Tax credits included in current assets	97,16	–	–	97,16
Deferred taxes included in current assets	212,58	–	–	212,58
Other receivables included in current assets	**2,82**	–	–	**2,82**
Total accounts receivable included in current assets	**348,43**	**15,28**	**280,10**	**643,81**

Current assets: liquid assets

Changes in liquid assets

Euro	Balance at beginning of year	Change during year	Balance at end of year
Bank and postal deposits	809.226	(475.562)	333.664
Cash	532	(485)	47
Total liquid assets	**809.758**	**(476.047)**	**333.711**

Rupee/Lakhs	Balance at beginning of year	Change during year	Balance at end of year
Bank and postal deposits	560,47	(329,37)	231,10
Cash	0,37	(0,34)	0,03
Total liquid assets	**560,84**	**(329,71)**	**231,13**

The balance represents the liquid assets and cash and cash equivalents on hand at the balance sheet date.

Accrued income and prepaid expenses

Accruals and prepayments

Accrued income and prepaid expenses have been determined in accordance with the accruals concept.

For long term accruals and prepayments the conditions that determined their initial recognition have been verified and any necessary changes made.

Accruals and prepayments include income and expenses whose impact on profit or loss comes before or after their actual cash payment and/or documentary support; regardless of the date of payment or collection of the income or expenses, they relate to two or more financial years and are allocated over time.

As at 31/03/2017 there are no accruals and prepayments with a duration of more than five years.

Euro	Balance at beginning of year	Change during year	Balance at end of year
Other accrued incomes	–	84	84
Other prepaid expenses	33.570	(3.695)	29.875
Total accrued income and prepaid expenses	**33.570**	**(3.611)**	**29.959**

Rupee/Lakhs	Balance at beginning of year	Change during year	Balance at end of year
Other accrued incomes	–	0,06	0,06
Other prepaid expenses	23,25	(2,56)	20,69
Total accrued income and prepaid expenses	**23,25**	**(2,50)**	**20,75**

Notes to the accounts Liabilities and shareholders' equity

Shareholders' equity

Euro

A) Shareholders' equity		
Balance as at 31/03/2016	**Balance as at 31/03/2017**	**Change**
854.391	**721.251**	(133.140)

Rupee/Lakhs

A) Shareholders' equity		
Balance as at 31/03/2016	**Balance as at 31/03/2017**	**Change**
591,75	**499,54**	(92,21)

Changes in shareholders' equity

Euro	Balance at beginning of year	Allocation of prior year profits	Profit (loss) for the year	Balance at end of year
		Other Allocations		
Share capital	960.000	–		960.000
Legal reserve	5.193	9.166		14.359
Other reserves				

Euro	Balance at beginning of year	Allocation of prior year profits Other Allocations	Profit (loss) for the year	Balance at end of year
Capital contributions	–			–
Various other reserves	2			2
Total other reserves	2			2
Retained earnings (loss)	(119.970)			(119.970)
Profit (loss) for the year	9.166	(9.166)	(133.140)	(133.140)
Total shareholders' equity	**854.391**		**(133.140)**	**721.251**

Rupees/Lakhs	Balance at beginning of year	Allocation of prior year profits Other Allocations	Profit (loss) for the year	Balance at end of year
Share capital	664,90	–		664,90
Legal reserve	3,60	6,35		9,95
Other reserves				
Capital contributions	–	–		–
Various other reserves	–	–		–
Total other reserves	–	–		–
Retained earnings (loss)	(83,09)			(83,09)
Profit (loss) for the year	6,35	(6,35)	(92,21)	(92,21)
Total shareholders' equity	**591,76**		**(92,21)**	**499,55**

Availability and use of shareholders' equity

The components of shareholders' equity are broken down as follows by origin, permitted use, amount available for distribution and uses in the previous three years.

Euro	Amount	Permitted use	Amount available
Share capital	960.000	B	–
Legal reserve	14.359	B	–
Other reserves			
Various other reserves	2	A,B,C	–
Total other reserves	2		–
Retained earnings	(119.970)	A,B,C	–
Total	**854.391**		**–**

Rupee/Lakhs	Amount	Permitted use	Amount available
Share capital	664,90	B	–
Legal reserve	9,95	B	–
Other reserves			
Various other reserves	–	A,B,C	–
Total other reserves	–		–
Retained earnings	(83,09)	A,B,C	–
Total	**591,76**		**–**

(*) A: to increase capital; B: to cover losses; C: for distribution to shareholders

The share capital of € 960,000 (Rs in Lakhs 664,90) consists of a single share.

In accordance with article 2427 of the Italian Civil Code we point out that the company has not issued shares or other securities or equity instruments.

Employees' leaving indemnity

Disclosures relating to employees' leaving indemnity

Provision for employees' leaving indemnity

The provision for employees' leaving indemnity represents the liability matured towards employees at the balance sheet date in accordance with the law and current employment contracts and considering all forms of ongoing remuneration.

The provision is the total of the individual indemnities due to employees accrued up to 29.02.2008, when the business unit was acquired,revalued each year and net of any advances paid and any withholding taxes on the revaluations; and represents the amount that would be payable to employees should their employment have terminated on 31.03.2017.

The fund does not include benefits accrued from 1 January 2007 and allocated to supplementary pension schemes in accordance with Legislative Decree. no 252 of 5 December 2005 or transferred to the INPS treasury fund.

Euro	Employee leaving indemnity
Balance at beginning of year	326.452
Change during year	
Utilisation during year	(4.203)
Other changes	5.848
Total changes	(1.645)
Balance at end of year	328.097

Rupee/Lakhs	Employee leaving indemnity
Balance at beginning of year	226,10
Change during year	
Utilisation during year	(2,91)
Other changes	4,05
Total changes	1,14
Balance at end of year	227,24

The other changes reported in the table consist of gross revaluations of € 4,568 (Rs in Lakhs 3,16), substitute tax of € (1,481) (Rs in Lakhs 1,03) and employee leaving indemnity accrued by the company in relation to new employees of € 2,761 (Rs in Lakhs 1,91).

Accounts payable

Accounts payable changes and due dates

Accounts payable are recorded at their nominal value and their due dates can be broken down as follows.

Euros

Description	Due within one year	Due after one year	Due after 5 years	Total	Of which relates to transactions with repurchase obligations	Of which to mortgages	Of which to pledges	Of which to privileges
Towards banks	223			223				
Towards suppliers	144.752			144.752				
Tax payables	25.018			25.018				
Social contributions	89.948			89.948				
Other payables	214.219			214.219				
	474.160			**474.160**				

Rupee/Lakhs

Description	Due within one year	Due after one year	Due after 5 years	Total	Of which relates to transactions with repurchase obligations	Of which to mortgages	Of which to pledges	Of which to privileges
Towards banks	0,15			0,15				
Towards suppliers	100,26			100,26				
Tax payables	17,33			17,33				
Social contributions	62,30			62,30				
Other payables	148,37			148.37				
	328,41			**328,41**				

Euro	Balance at beginning of year	Change during year	Balance at end of year	Amount due within the year
Towards banks	3.301	(3078)	223	223
Towards suppliers	535.384	(390.632)	144.752	144.752
Tax payables	42.582	(17.564)	25.018	25.018
Social contributions	123.938	(33.990)	89.948	89.948
Other payables	318.786	(104.567)	214.219	214.219
Total accounts payables	1.023.991	(549.831)	474.160	474.160

Rupees/Lakhs	Balance at beginning of year	Change during year	Balance at end of year	Amount due within the year
Towards banks	2,29	(2,14)	0,15	0,15
Towards suppliers	370,81	(270,55)	100,26	100,26
Tax payables	29,49	(12,16)	17,33	17,33
Social contributions	85,84	(23,54)	62,30	62,30
Other payables	220,79	(72,42)	148,37	148,37
Total accounts payables	709,22	(380,81)	328,41	328,41

"Accounts payable" are presented net of trade discounts. Cash discounts, however, are recorded at the time of payment. The nominal value of these payables has been adjusted for any returns or rebates (invoicing adjustments), to the extent of the amount defined with the counterpart.

Breakdown of accounts payable by geographical area

All the payables are related to transactions with Italian residents and due within the following accounting period.

Accrued liabilities and deferred income

Euro	Balance at beginning of year	Change during year	Balance at end of year
Accrued liabilities	1.990	(1.990)	–
Other deferred income	23.469	(21.422)	2.047
Total accrued liabilities and deferred income	25.459	(23.412)	2.047

Rupees /Lakhs	Balance at beginning of year	Change during year	Balance at end of year
Accrued liabilities	1,38	(1,38)	–
Other deferred income	16,25	(14,84)	1,42
Total accrued liabilities and deferred income	17,63	(16,22)	1,42

Accrued liabilities and deferred income have been determined in accordance with the accruals concept.

They represent amounts relating to the financial year and accounted for on an accruals basis.

As at 31/03/2017 there are no accruals and deferrals with a duration of more than five years.

Commitments arising from off balance sheet and memorandum accounts

Disclosures relating to agreements not disclosed in the balance sheet

The company has no agreements that are not disclosed in the Balance Sheet.

Notes to the accounts Profit and loss account

Production value

Recognition of revenues

Revenues from product sales are recognised upon transfer of ownership, which normally coincides with the delivery or shipment of goods.

Revenues from services are recognised on an accrual basis.

Breakdown of revenues from sales and services by geographical area

Euro

Geographical area	Current year value
Italy	358.826
India	51.068
USA	2.543.153
Poland	14.770
Total	**2.967.817**

Rupee/Lakhs

Geographical area	Current year value
Italy	248,52
India	35,37
USA	1.761,39
Poland	10,23
Total	**2.055,51**

Production costs

The costs and charges are attributed on accrual basis of accounting and according to their nature, net of returns, allowances, discounts, and premiums, in compliance with the principle of correlation with the revenues; they are entered in the respective items as required by accounting standard OIC 12. The costs incurred to purchase goods are entered when the substantive, not the formal transfer of the ownership title occurs; the reference parameter for the substantive transfer is the transfer of the risks and benefits. When services are purchased, the related costs are entered when the service is received, that is when the service has been performed; in the case of ongoing services, the related costs are entered for the portion accrued.

Euro

Description	31/03/2016	31/03/2017	Change
Raw materials, subsidiary materials, consumables and goods	31.234	**1.498**	(29.736)
Services	1.400.521	**970.378**	(430.143)
Rent/lease	120.702	**89.708**	(30.994)
Salaries and wages	1.562.240	**1.413.764**	(148.476)
Social contributions	500.274	**451.235**	(49.039)
Employees' leaving indemnity	116.706	**111.957**	(4.749)
Other personnel costs	84.834	**–**	(84.834)
Amortisation of intangible assets	241.169	**231.910**	(9.259)
Depreciation of tangible fixed assets	25.039	**21.231**	(3.808)
Write-down of accounts receivable recorded in current assets	2.500	**2.403**	(97)
Other operating costs	23.043	**23.013**	30
	4.108.262	**3.317.097**	**(791.165)**

Rupee/Lakhs

Description	31/03/2016	31/03/2017	Change
Raw materials, subsidiary materials, consumables and goods	21,63	**1,04**	(20,59)
Services	970,00	**672,08**	(297,92)
Rent/lease	83,60	**62,13**	(21,47)
Salaries and wages	1.082,01	**979,17**	(102,84)
Social contributions	346,49	**312,53**	(33,96)
Employees' leaving indemnity	80,83	**77,54**	(3,29)
Other personnel costs	58,76	**–**	(58,76)
Amortisation of intangible assets	167,03	**160,62**	(6,41)
Depreciation of tangible fixed assets	17,34	**14,70**	(2,64)
Write-down of accounts receivable recorded in current assets	1,73	**1,66**	(0,07)
Other operating costs	15,96	**15,94**	(0,02)
	2.845,38	**2.297,41**	**(547,97)**

Financial income and expenses

Euro

C) Financial income and expenses

Balance as at 31/03/2016	Balance as at 31/03/2017	Change
(5.187)	**(65)**	5.122

Rupee/Lakhs

C) Financial income and expenses

Balance as at 31/03/2016	Balance as at 31/03/2017	Change
(3,59)	**(0.05)**	3,54

The financial incomes are related to interest on bank and the financial expenses are related to interests for late payments.

Taxes on income for the year – current, deferred

Current, deferred taxes

Income tax

Taxes are accounted for on an accruals basis and therefore represent:

- provisions for taxes paid or to be paid for the year, determined in accordance with the rates and regulations in force
- the amount of taxes deferred or paid in advance in respect of temporary differences arising or reversed during the year

Tax payable is recorded under tax payables net of payments on account, withholding taxes and, generally, of tax credits.

Deferred IRES is calculated on the temporary differences between the carrying amounts of assets and liabilities determined according to statutory criteria and the corresponding tax values.

Deferred IRES is calculated on the temporary differences between the carrying amounts of assets and liabilities determined according to statutory criteria and the corresponding tax values solely with reference to the company.

Current and deferred IRAP is determined solely with reference to the company.

Euro

Tax	Balance at 31/03/2016	Balance at 31/03/2017	Change
Current tax:	48.957	**5.112**	(43.845)
IRES	4.408		(4.408)
IRAP	27.672	**–**	(27.672)
Other taxes	16.877	**5.112**	(11.765)
Deferred tax	(2.292)	**8.520**	10.812
IRES	1.528	**12.339**	10.811
IRAP	(3.819)	**(3.819)**	
Income (expenses) from tax consolidation/tax transparency regimes	–	**–**	–
	46.665	**13.632**	**(33.033)**

Rupee/Lakhs

Tax	Balance at 31/03/2016	Balance at 31/03/2017	Change
Current tax:	33,91	**3,54**	(30,37)
IRES	3,05	**–**	(3,05)
IRAP	19,17	**–**	(19,17)
Other taxes	11,69	**3,54**	(8,15)
Deferred tax	(1,59)	**5,90**	7,49
IRES	1,06	**8,55**	7,49
IRAP	(2,65)	**(2.65)**	0,00
Income (expenses) from tax consolidation/tax transparency regimes	–	**–**	–
	32,32	**9,44**	**(22,88)**

Deferred taxes

Deferred tax assets have been recognised to the extent that there is a reasonable certainty that in the years in which the temporary differences against which deferred tax assets were recognised are reversed, the company will have a taxable income that is not lower than the amount of the differences to be offset.

The main temporary differences that led to the recognition of deferred tax assets and liabilities are shown in the following table together with the related effects.

Breakdown of deferred taxes and the related effects:

Euro

	year ended 31/03/2016		year ended 31/03/2017		
IRES deferred tax assets:	**Amount of temporary differences**	**Tax effect**	**Amount of temporary differences**	**Tax effect**	**Tax Rate Adjustment**
Unpaid contributions to trade unions and waste tax	91	25	–	–	
Non-deductible portion of amortisation on intangible fixed assets	97.932	26.931	**97.932**	**23.504**	
Deferred tax assets on losses and surplus ACE		(28.484)	**2.924**	**702**	
Total	**98.023**	**(1.528)**	**108.856**	**24.205**	**36.545**

Rupee/Lakhs

	year ended 31/03/2016		year ended 31/03/2017		
IRES deferred tax assets:	**Amount of temporary differences**	**Tax effect**	**Amount of temporary differences**	**Tax effect**	**Tax Rate Adjustment**
Unpaid contributions to trade unions and waste tax	0,06	0,02	–	–	
Non-deductible portion of amortisation on intangible fixed assets	67,83	18,65	**67,83**	**16,28**	
Deferred tax assets on losses and surplus ACE		(19,73)	**2,03**	**0,49**	
Total	**67.89**	**(1,06)**	**69,86**	**16,77**	

Euro

	year ended 31/03/2016		year ended 31/03/2017	
IRAP deferred tax assets:	**Amount of temporary differences**	**Tax effect**	**Amount of temporary differences**	**Tax effect**
Non-deductible portion of amortisation on intangible fixed assets	97.932	3.819	**97.932**	**3.819**
Total	**97.932**	**3.819**	**97.932**	**3819**

Rupee/Lakhs

	year ended 31/03/2016		year ended 31/03/2017	
IRAP deferred tax assets:	**Amount of temporary differences**	**Tax effect**	**Amount of temporary differences**	**Tax effect**
Non-deductible portion of amortisation on intangible fixed assets	67,83	2,65	**67,83**	**2,65**
Total	**67,83**	**2,65**	**67,83**	**2,65**

Notes to the accounts Other disclosures

Employment data

The average headcount, broken down by category, has changed compared to the previous year as follows:

Headcount	**31/03/2016**	**31/03/2017**	**Change**
Executives	3	1	(2)
Employees	33	33	
Other	–	–	
	36	**34**	**(2)**

Transactions with related parties

Transactions with related parties were undertaken during the fiscal year; these are performed at arm's length, therefore, based on current laws

Companies that must submit consolidated financial statements

In accordance with art. 2427, paragraph 22-sexies, the company at the date of 31/03/17 is a subsidiary of MAHINDRA & MAHINDRA L.T.D (India) that submits consolidated financial statements.

Summary data of the financial statements of the company that exercises management and coordination

Belonging to a group

Your company is part of the MAHINDRA & MAHINDRA LTD group.

In the following summary the main data of the last approved balance sheet of that company which exercises management and coordination (article 2497-bis, fourth paragraph, Italian Civil Code).

Euro

Balance sheet	**31/03/2016**
A) Credits towards quota holders to be paid	
B) Fixed Assets	1.269.625.183
C) Current assets	1,551,714,019
D) Accrued income and prepaid expenses	7.824.463
E) Non current investment	1.486.461.251
F) Long term loans & advances	541.208.483
Total assets	**4.856.833.400**
Share capital	39.525.143
Reserves	2.433.425.370
Profit (loss) for the period	422.499.667
Total shareholders' equity	**2.895.450.180**
B) Risk funds	0
C) Employees' leaving indemnity	0
D) Accounts payable	902.178.205
E) Accrued liabilities and deferred income	1.059.203.681
Total Liabilities	**1.961.381.886**

Income statement	**31/03/2016**
A) Value of production	5.567.537.682
B) Cost of production	4.991.780.712
C) Financial Income & Expense	20.713.619
D) Impairment of financial assets	0
D) Extraordinary income and expense	-9.169.001
Income Taxes	141.712.685
Profit (loss) for the period	**422.499.667**

Rupee/Lakhs

Balance sheet	**31/03/2016**
A) Credits towards quota holders to be paid	0,00
B) Fixed Assets	879.342,40
C) Current assets	1.074.717,13
D) Accrued income and prepaid expenses	5.419,22
E) Non current investment	1.029.523,06
F) Long term loans & advances	374.841,00
Total assets	**3.363.842,81**
Share capital	27.375,11
Reserves	1.685.390,41
Profit (loss) for the period	292.623,27
Total shareholders' equity	**2.005.388,79**
B) Risk funds	0,00
C) Employees' leaving indemnity	0,00
D) Accounts payable	624.848,62
E) Accrued liabilities and deferred income	733.604,47
Total Liabilities	**1.358.453,09**

Income statement	
A) Value of production	3.856.076,60
B) Cost of production	3.457.307,32
C) Financial Income & Expense	14.346,25
D) Impairment of financial assets	0,00
D) Extraordinary income and expense	(6.350,45)
Income Taxes	98.150,21
Profit (loss) for the period	**292.623,27**

Directors and auditors fees

Other disclosures

In accordance with law we note that no fees were paid to directors

Statutory auditor or audit firm fees

Disclosures relating to fees paid to the statutory auditor

In accordance with law we note that the fees paid for the services of the auditing firm Baker Tilly RevisaSpa for the year were € 8,375 (Rs in Lakhs 5,80).

Disclosures relating to financial instruments issued by the company

The company has not issued any financial instruments

Agreements not included in the balance sheet

No agreements not entered on the Balance Sheet were undertaken during the fiscal year.

Transactions with grant back obligation

In accordance with art. 2427, n° 6-ter, the company certifies that, during the fiscal year, the company did not perform any transaction subject to the grant back obligation.

Notes to the accounts final part

Disclosures relating to transactions carried out with related parties

Any material transactions carried out by the company with related parties have been carried out under normal market conditions.

These financial statements, consisting of the balance sheet, income statement and notes to the accounts, give a true and fair view of the financial position and earnings for the year and reflect the underlying accounting records.

We suggest that the loss for the year of € 133,140 (Rs in Lakhs 92,21) should be carry forwarded.

Chairman of the Board of Directors

Pravin Kumar Shah

Beinasco (TO). Italy

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required in terms of the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 March 2018 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages herein.

The annual financial statements have been prepared on the going concern basis and were approved by the board on 05 May 2017.

Dr Pawan Goenka (Chairman)	**Kandasamy Chandrasekar**
Avinash Bapat	**Pravin Shah**
Ashok Thakur	**Sanjoy Gupta**

Pretoria

5th May, 2017

DIRECTORS' REPORT

The directors have pleasure in submitting their report on the annual financial statements of Mahindra and Mahindra South Africa (Proprietary) Limited for the year ended 31 March 2017.

1. Main business and operations

The company is engaged to pursue business opportunities in the automobile, automobile spare parts and other related sections and operates principally in South Africa.

The branch in Kenya trades in agricultural products (viz Rice, Seeds and Pulses).

The company has opened a subsidiary in Nigeria named as Mahindra West Africa Limited. The subsidiary will focus on market development in the Automotive and Farm Sector apart from focusing on Powerol Gensets and Heavy commercial vehicles in the western Africa region.

The operating results and state of affairs of the company are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

There have been no material changes to the nature of the company's business from the prior year.

2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

4. Authorised and issued share capital

There have been no changes to the authorised or issued share capital of the company during the year under review.

5. Dividends

The dividends already declared and paid to shareholder during the year are as reflected in the attached statement of changes in equity.

6. Directors

The directors in office at the date of this report are as follows:

Name	Nationality	Changes
Dr. Pawan Goenka (Chairman)	Indian	
Kandasamy Chandrasekar	Indian	
Ramesh Iyer	Indian	Resigned 10 May 2016
Pravin Shah	Indian	
Ashok Thakur	Indian	Appointed 27 April 2016
Avinash Bapat	Indian	Appointed 27 April 2016
Sanjoy Gupta	Indian	Appointed 27 April 2016
Tripathi Rajeshwar	Indian	Resignation 10 May 2016

7. Secretary

The secretary of the company is P Cilliers of:

Business address	434 Atterbury Road Menlo Park Pretoria 0081
Postal address	PO Box 35510 Menlo Park 0102

8. Holding company

The company's holding company is Mahindra & Mahindra Limited incorporated in India.

9. Auditors

Deloitte & Touché will continue in office in accordance with section 90 of the Companies Act of South Africa.

10. Investment in Subsidiary

The financial statements so presented herewith have not been consolidated to include the operations of the subsidiary (viz. Mahindra West Africa) in Nigeria. The financials of the subsidiary would be consolidated with the Mahindra group financials the 'Ultimate Holding Company'.

Dr Pawan Goenka
(Chairman)

Kandasamy Chandrasekar

Avinash Bapat

Pravin Shah

Ashok Thakur

Sanjoy Gupta

Pretoria

5th May, 2017

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Mahindra and Mahindra South Africa Proprietary Limited

Opinion

We have audited the financial statements of Mahindra and Mahindra South Africa Proprietary Limited set out on pages 7 to 37, which comprise the statement of financial position as at 31 March 2017, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Mahindra and Mahindra South Africa Proprietary Limited as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act of South Africa.

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 Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises Statement of Directors' Responsibility and Approval and the Directors' Report as required by the Companies Act of South Africa. 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 an audit opinion or 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 the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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.

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 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 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 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.

Deloitte & Touche
Registered Auditor
Per: Johan van der Walt
Partner

STATEMENT OF FINANCIAL POSITION

		2017		2016	
	Notes	Rs	ZAR	Rs	ZAR
ASSETS					
Non-Current Assets					
Property, plant and equipment	3	53,734,972	11,125,253	35,439,198	7 337,308
Investment in subsidiary	4	14,558,586	3 014 200	–	–
Deferred tax	7	109,572,197	22,685,755	104,746,215	21,686,587
		177,865,755	**36,825,208**	**140,185,413**	**29,023,895**
Current Assets					
Inventories	8	848,364,118	175,644,745	811,129,832	167,935,783,
Trade and other receivables	9	792,104,776	163,996,848	524,728,795	108,639,502
Current tax receivable		3,363,771	696,433	–	–
Cash and cash equivalents	10	193,835,546	40,131,583	327,867,756	67,881,523
		1,837,668,211	**380,469,609**	**1,663,726,382**	**344,456,808**
Total Assets		**2,015,533,966**	**417,294,817**	**1,803,911,795**	**373,480,703**
EQUITY AND LIABILITIES					
Equity					
Share capital	11	251,160,000	52,000,000	251,160,000	52,000,000
Foreign currency translation reserve	12	9,133,912	1,891,079	(4,116,329)	(852,242)
Retained income		558,686,100	115,670,000	565,254,837	117,029,987
		818,980,012	**169,561,079**	**812,298,508**	**168,177,745**
Liabilities					
Non-Current Liabilities					
Deferred income	16	165,162,178	34,195,068	114,824,213	23,773,129
Provisions	13	172,553,590	35,725,381	112,295,723	23,249,632
		337,715,768	69,920,449	227,119,936	47,022,761
Current Liabilities					
Trade and other payables	15	320,318,712	66,318,574	304,769,551	63,099,286
Deferred income	16	108,105,002	22,381,988	112,850,313	23,364,454
Current tax payable		–	–	13,711,423	2,838,804
Provisions	13	134,773,552	27,903,427	168,251,007	34,834,577
Bank overdraft	10	295,640,919	61,209,300	164,911,057	34,143,076
		858,838,185	**177,813,289**	**764,493,351**	**158,280,197**
Total Liabilities		**1,196,553,954**	**247,733,738**	**991,613,287**	**205,302,958**
Total Equity and Liabilities		**2,015,533,966**	**417,294,817**	**1,803,911,795**	**373,480,703**

STATEMENT OF COMPREHENSIVE INCOME

		2017		2016	
	Notes	**Rs.**	**ZAR**	**Rs.**	**ZAR**
Revenue	17	4,731,893,991	979,688,197	3,440,072,889	712,230,412
Cost of sales	18	(4,233,922,363)	(876,588,481)	(2,909,187,526)	(602,316,258)
Gross profit		**497,971,628**	**103,099,716**	**530,885,364**	**109,914,154**
Other operating income		24,211,853	5,012,806	7,228,925	1,496,672
Operating operating expenses		(389,092,334)	(80,557,419)	(329,260,462)	(68,169,868)
Operating profit	19	**133,091,147**	**27,555,103**	**208,853,827**	**43,240,958**
Investment income	20	8,065,453	1,669,866	26,879,510	5,565,116
Finance costs paid	21	(32,517,849)	(6,732,474)	(9,366,491)	(1,939,232)
Profit before taxation		**108,638,751**	**22,492,495**	**226,366,846**	**46,866,842**
Taxation	22	(52,417,488)	(10,852,482)	(82,970,015)	(17,178,057)
Profit for the year		**56,221,263**	**11,640,013**	**143,396,831**	**29,688,785**
Other comprehensive income					
Items that may be reclassified to profit or loss					
Exchange differences on translating foreign operations		13,250,240	2,743,321	(4,116,329)	(852,242)
Other comprehensive income for the year net of taxation		13,250,240	2,743,321	(4,116,329)	(852,242)
Total comprehensive income for the year		**69,471,503**	**14,383,334**	**139,280,502**	**28,836,543**

STATEMENT OF CHANGES IN EQUITY

	Share capital	Foreign currency translation reserve R	Retained income	Total equity
Rupee				
Balance at 01 April 2015	**251,160,000**	**–**	**497,206,006**	**748,366,006**
Profit for the year	–	–	143,396,832	143,396,832
Other comprehensive income	–	(4,116,329)	–	(4,116,329)
Total comprehensive income for the year	–	(4,116,329)	143,396,832	139,280,503
Dividends	–	–	(75,348,000)	(75,348,000)
Total contributions by and distributions to owners of company recognized directly in equity	–	–	(75,348,000)	(75,348,000)
Balance at 01 April 2016	**251,160,000**	**(4,116,329)**	**565,254,838**	**812,298,509**
Profit for the year	–	–	56,221,263	56,221,263
Other comprehensive income	–	13,250,240		13,250,240
Total comprehensive income for the year	–	13,250,240	56,221,263	69,471,503
Dividends	–	–	(62,790,000)	(62,790,000)
Total contributions by and distributions to owners of company recognized directly in equity	–	–	(62,790,000)	(62,790,000)
Balance at 31 March 2017	**251,160,000**	**9,133,911**	**558,686,101**	**818,980,012**
Notes	11	12		
Rand				
Balance at 01 April 2015	**52,000,000**	**–**	**102,941,202**	**154,941,202**
Profit for the year	–	–	29,688,785	29,688,785
Other comprehensive income	–	(852,242)	–	(852,242)
Total comprehensive income for the year	–	(852,242)	29,688,785	28,836,543
Dividends	–	–	(15,600,000)	(15,600,000)
Total contributions by and distributions to owners of company recognized directly in equity	–	–	(15,600,000)	(15,600,000)
Balance at 01 April 2016	**52,000,000**	**(852,242)**	**117,029,987**	**168,177,745**
Profit for the year	–	–	11,640,013	11,640,013
Other comprehensive income	–	2,743,321	–	2,743,321
Total comprehensive income for the year	–	2,743,321	11,640,013	14,383,334
Dividends	–	–	(13,000,000)	(13,000,000)
Total contributions by and distributions to owners of company recognized directly in equity	–	–	(13,000,000)	(13,000,000)
Balance at 31 March 2017	**52,000,000**	**1,891,079**	**115,670,000**	**169,561,079**
Notes	11	12		

STATEMENT OF CASH FLOWS

		2017		2016	
	Note(s)	**Rs**	**ZAR**	**Rs**	**ZAR**
Cash flows from operating activities					
Cash receipts from customers		4,545,805,577	941,160,575	3,305,398,338	684,347,482
Cash paid to suppliers and employees		(4,600,580,501)	(952,501,139)	(3,221,700,601)	(667,018,758)
Cash (used)/generated from operations	23	(54,774,924)	(11,340,564)	83,697,737	17,328,724
Interest received		8,065,453	1,669,866	26,879,510	5,565,116
Finance costs paid		(32,517,849)	(6,732,474)	(9,366,491)	(1,939,232)
Tax paid		(74,318,669)	(15,386,888)	(98,144,412)	(20,319,754)
Net cash from operating activities		**(153,545,989)**	**(31,790,060)**	**3,066,344**	**634,854**
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(51,162,871)	(10,592,727)	(35,084,246)	(7,263,819)
Sale of property, plant and equipment		17,295,375	3,580,823	13,669,813	2,830,189
Purchase of investments		(14,558,586)	(3,014,200)	–	–
Net cash from investing activities		**(48,426,082)**	**(10,026,104)**	**(21,414,433)**	**(4,433,630)**
Cash flows from financing activities					
Dividends paid		(62,790,000)	(13,000,000)	(75,348,000)	(15,600,000)
Total cash movement for the year		**(264,762,072)**	**(54,816,164)**	**(93,696,089)**	**(19,398,776)**
Cash at the beginning of the year		162,956,699	33,738,447	256,652,787	53,137,223
Total cash at end of the year	10	**(101,805,373)**	**(21,077,717)**	**162,956,698**	**33,738,447**

NOTES TO FINANCIAL STATEMENTS

ACCOUNTING POLICIES

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparation

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these financial statements and the Companies Act of South Africa, as amended.

These annual financial statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in South African Rands, which is the company's functional currency.

These accounting policies are consistent with the previous period.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. 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 estimates are revised and in any future periods affected.

Key sources of estimation uncertainty

Deferred revenue

The fair value of deferred revenue from service plans is management's best estimate of the company's future income and cost based on the estimated service cost that would occur for the selected models over a period of three to five years adjusted for inflation and possible price increases in parts and labour used in the service of the selected model.

Provision for warranties

Warranty provisions are management's best estimate of the company's liability (after the expected reimbursement from the manufacturer) on vehicles under two, three or five year warranties based on the current year warranty claims occurred. The cost per day calculated on those claims is used to estimate the future cost for the remaining warranty days under consideration.

The remaining non current warranty provision has been discounted to present value and the amount related to the opening provision has been adjusted in opening reserves and the incremental amount pertaining to the current financial year has been adjusted in cost of sales.

Fair value estimation

The company measures financial instruments at fair value at each reporting date.

The fair values of financial instruments measured at amortised cost are disclosed should it be determined that the carrying value of these instruments do not reasonably approximate their value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. At fair value measurement of a non financial asset takes into account a market participant's ability to generate economic benefits by using the asset in the highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, 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; or
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; or
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

1.3 Property, plant and equipment

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Property, plant and equipment is subsequently carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Plant and machinery	Straight line	3 years
Furniture and fixtures	Straight line	3 years
Motor vehicles	Straight line	4 years
Office equipment	Straight line	6 years
IT equipment	Straight line	4 years
Computer software	Straight line	5 years
Leasehold improvements	Straight line	3 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

NOTES TO FINANCIAL STATEMENTS (Contd.)

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.4 Financial instruments

Classification

The company classifies financial assets and financial liabilities into the following categories:

- Financial assets at fair value through profit or loss.
- Financial liabilities at fair value through profit or loss.
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available for sale financial assets.

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

Investment in subsidiary are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing costs.

Derivatives

Derivative financial instruments, which are not designated as hedging instruments, consisting of foreign exchange contracts and interest rate swaps, are initially measured at fair value on the contract date, and are re measured to fair value at subsequent reporting dates.

Derivatives embedded in other financial instruments or other non financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in profit or loss.

Changes in the fair value of derivative financial instruments are recognised in profit or loss as they arise.

Derivatives are classified as financial assets at fair value through profit or loss held for trading.

1.5 Tax

Current tax assets and liabilities

Current tax is based on taxable profit for the year.

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

NOTES TO FINANCIAL STATEMENTS (Contd.)

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.7 Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

1.8 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.9 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity.

1.10 Employee benefits

Short term employee benefits

The cost of short term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

1.11 Provisions and contingencies

Provisions are recognised when:

- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;

NOTES TO FINANCIAL STATEMENTS (Contd.)

- the expenditures that will be undertaken; and
- when the plan will be implemented; and

- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note.

1.12 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Service Plan revenue is recognised by reference to the stage of completion of the transaction at the end of the reporting period.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

1.13 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

1.14 Borrowing costs

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.15 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.16 Levies

IFRIC 21 addresses the issue of when to recognise a liability to pay a levy. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period. The company has inventory stored in a bonded warehouse where duties, levies and taxes are due once the inventory leaves the bonded warehouse, or 24 months, whichever are earlier. IFRIC 21 is applied retrospectively.

2. New Standards and Interpretations

2.1 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 April 2017 or later periods:

IFRS 16 Leases

IFRS 16 Leases is a new standard which replaces IAS 17 Leases, and introduces a single lessee accounting model. The main changes arising from the issue of IFRS 16 which are likely to impact the company are as follows:

Company as lessee:

- Lessees are required to recognise a right of use asset and a lease liability for all leases, except short term leases or leases where the underlying asset has a low value, which are expensed on a straight line or other systematic basis.
- The cost of the right of use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset.
- The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease.

NOTES TO FINANCIAL STATEMENTS (Contd.)

- The right of use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any re measurement of the lease liability. However, right of use assets are measured at fair value when they meet the definition of investment property and all other investment property is accounted for on the fair value model. If a right of use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right of use asset may be measured on the revaluation model.
- The lease liability is subsequently increased by interest, reduced by lease payments and re measured for reassessments or modifications.
- Re measurements of lease liabilities are affected against right of use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.
- The lease liability is re measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.
- The lease liability is re measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.
- Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee re measures the lease liability by decreasing the carrying amount of the right of lease asset to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognised in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the lessee re measures the lease liability by making a corresponding adjustment to the right of use asset.
- Right of use assets and lease liabilities should be presented separately from other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right of use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 leases.

Company as lessor:

- Accounting for leases by lessors remains similar to the provisions of IAS 17 in that leases are classified as either finance leases or operating leases. Lease classification is reassessed only if there has been a modification
- A modification is required to be accounted for as a separate lease if it both increases the scope of the lease by adding the right to use one or more underlying assets; and the increase in consideration is commensurate to the stand alone price of the increase in scope.
- If a finance lease is modified, and the modification would not qualify as a separate lease, but the lease would have been an operating lease if the modification was in effect from inception, then the modification is accounted for as a separate lease. In addition, the carrying amount of the underlying asset shall be measured as the net investment in the lease immediately before the effective date of the modification. IFRS 9 is applied to all other modifications not required to be treated as a separate lease.
- Modifications to operating leases are required to be accounted for as new leases from the effective date of the modification. Changes have also been made to the disclosure requirements of leases in the lessor’s financial statements.

Sale and leaseback transactions:

- In the event of a sale and leaseback transaction, the requirements of IFRS 15 are applied to consider whether a performance obligation is satisfied to determine whether the transfer of the asset is accounted for as the sale of an asset.
- If the transfer meets the requirements to be recognised as a sale, the seller lessee must measure the new right of use asset at the proportion of the previous carrying amount of the asset that relates to the right of use retained. The buyer lessor accounts for the purchase by applying applicable standards and for the lease by applying IFRS 16
- If the fair value of consideration for the sale is not equal to the fair value of the asset, then IFRS 16 requires adjustments to be made to the sale proceeds. When the transfer of the asset is not a sale, then the seller lessee continues to recognise the transferred asset and recognises a financial liability equal to the transfer proceeds. The buyer lessor recognises a financial asset equal to the transfer proceeds.

The effective date of the standard is for years beginning on or after 01 January 2019.

The company expects to adopt the standard for the first time in the 2020 annual financial statements.

It is unlikely that the standard will have a material impact on the company’s annual financial statements.

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurements 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.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required 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 outstanding principal are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on outstanding principal, are measured at FVTOCI. All other debt and equity investments are measured at fair value at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of the liability is presented in other comprehensive income, unless the recognition of the effect of the changes of the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Under IAS 39, the entire amount of the change in fair value of a financial liability designated as at fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is therefore no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening

NOTES TO FINANCIAL STATEMENTS (Contd.)

the types of instruments that qualify for hedging instruments and the types of risk components of non financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principal of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The effective date of the standard is for years beginning on or after 01 January 2018.

The company expects to adopt the standard for the first time in the 2019 annual financial statements.

It is unlikely that the standard will have a material impact on the company's annual financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction contracts; IAS 18 Revenue; IFRIC 13 Customer Loyalty Programmes; IFRIC 15 Agreements for the construction of Real Estate; IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue Barter Transactions Involving Advertising Services.

The core principle of IFRS 15 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:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 also includes extensive new disclosure requirements.

The effective date of the standard is for years beginning on or after 01 January 2018.

The company expects to adopt the standard for the first time in the 2019 annual financial statements.

It is unlikely that the standard will have a material impact on the company's annual financial statements.

Amendments to IAS 7: Disclosure initiative

The amendment requires entities to provide additional disclosures for changes in liabilities arising from financing activities. Specifically, entities are now required to provide disclosure of the following changes in liabilities arising from financing activities:

- changes from financing cash flows;
- changes arising from obtaining or losing control of subsidiaries or other businesses;
- the effect of changes in foreign exchanges;
- changes in fair values; and
- other changes.

The effective date of the amendment is for years beginning on or after 01 January 2017.

The company expects to adopt the amendment for the first time in the 2018 annual financial statements.

It is unlikely that the amendment will have a material impact on the company's annual financial statements.

Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses

In terms of IAS 12 Income Taxes, deferred tax assets are recognised only when it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. The following amendments have been made, which may have an impact on the company:

If tax law restricts the utilisation of losses to deductions against income of a specific type, a deductible temporary difference is assessed in combination only with other deductible temporary differences of the appropriate type.

Additional guidelines were prescribed for evaluating whether the company will have sufficient taxable profit in future periods. The company is required to compare the deductible temporary differences with future taxable profit that excludes tax deductions resulting from the reversal of those deductible temporary differences. This comparison shows the extent to which the future taxable profit is sufficient for the entity to deduct the amounts resulting from the reversal of those deductible temporary differences.

The amendment also provides that the estimate of probable future taxable profit may include the recovery of some of an entity's assets for more than their carrying amount if there is sufficient evidence that it is probable that the entity will achieve this.

The effective date of the amendment is for years beginning on or after 01 January 2017.

The company expects to adopt the amendment for the first time in the 2018 annual financial statements.

It is unlikely that the amendment will have a material impact on the company's annual financial statements.

3. Property, plant and equipment

	2017			2016		
Rupee	**Cost/ Valuation**	**Accumulated depreciation**	**Carrying value**	**Cost/ Valuation**	**Accumulated depreciation**	**Carrying value**
Computer software	**7,351,593**	**(6,004,772)**	**1,346,821**	5,905,255	(5,221,447)	683,807
Furniture and fixtures	**9,921,211**	**(6,479,976)**	**3,441,235**	6,518,104	(5,005,682)	1,512,424
IT equipment	**6,486,651**	**(5,237,961)**	**1,248,690**	6,197,267	(4,578,309)	1,618,958
Leasehold improvements	**1,798,649**	**(1,798,605)**	**44**	1,798,648	(1,798,605)	44
Motor vehicles	**39,489,418**	**(8,640,353)**	**30,849,065**	22,029,533	(4,185,113)	17,844,420
Office equipment	**6,040,383**	**(3,908,576)**	**2,131,807**	5,012,975	(3,521,427)	1,491,547
Plant and machinery	**20,950,782**	**(6,233,472)**	**14,717,309**	14,843,875	(2,555,877)	12,287,998
Total	**92,038,688**	**(38,303,716)**	**53,734,972**	62,305,657	(26,866,460)	35,439,198

	2017			2016		
Rand	**Cost/ Valuation**	**Accumulated depreciation**	**Carrying value**	**Cost/ Valuation**	**Accumulated depreciation**	**Carrying value**
Computer software	**1,522,069**	**(1,243,224)**	**278,845**	1,222,620	(1,081,045)	141,575
Furniture and fixtures	**2,054,081**	**(1,341,610)**	**712,471**	1,349,504	(1,036,373)	313,131
IT equipment	**1,342,992**	**(1,084,464)**	**258,528**	1,283,078	(947,890)	335,188
Leasehold improvements	**372,391**	**(372,382)**	**9**	372,391	(372,382)	9
Motor vehicles	**8,175,863**	**(1,788,893)**	**6,386,970**	4,560,980	(866,483)	3,694,497
Office equipment	**1,250,597**	**(809,229)**	**441,368**	1,037,883	(729,074)	308,809
Plant and machinery	**4,337,636**	**(1,290,574)**	**3,047,062**	3,073,266	(529,167)	2,544,099
Total	**19,055,629**	**(7,930,376)**	**11,125,253**	12,899,722	(5,562,414)	7,337,308

NOTES TO FINANCIAL STATEMENTS (Contd.)

Reconciliation of property, plant and equipment Rupee – 2017

	Opening balance	Additions	Disposals	Depreciation	Total
Computer software	1,618,958	289,389	–	(659,657)	1,248,690
Furniture and fixtures	683,807	1,446,344	–	(783,329)	1,346,821
IT equipment	1,512,423	3,403,107	–	(1,474,295)	3,441,235
Leasehold improvements	44	–	–	–	44
Motor vehicles	17,844,420	37,377,848	(15,528,194)	(8,845,010)	30,849,065
Office equipment	1,491,547	1,027,409	–	(387,149)	2,131,807
Plant and machinery	12,287,998	7,618,774	–	(5,189,463)	14,717,309
	35,439,197	51,162,871	(15,528,194)	(17,338,903)	53,734,972

Reconciliation of property, plant and equipment Rupee – 2016

	Opening balance	Additions	Disposals	Foreign exchange movements	Depreciation	Total
Computer software	1,163,518	1,299,053	(204,594)	–	(639,019)	1,618,958
Furniture and fixtures	986,890	936,991	–	–	(1,240,073)	683,808
IT equipment	2,843,716	11,664	(64,881)	–	(1,278,076)	1,512,423
Leasehold improvements	6,269	–	–	–	(6,226)	44
Motor vehicles	16,651,241	18,239,408	(11,340,328)	–	(5,705,901)	17,844,420
Office equipment	904,258	993,550	(30,511)	–	(375,750)	1,491,547
Plant and machinery	205,207	13,603,579	–	(110,076)	(1,410,713)	12,287,998
	22,761,099	35,084,245	(11,640,314)	(110,076)	(10,655,758)	35,439,198

Reconciliation of property, plant and equipment Rand – 2017

	Opening balance	Additions	Disposals	Depreciation	Total
Computer software	335,188	59,915	–	(136,575)	258,528
Furniture and fixtures	141,575	299,450	–	(162,180)	278,845
IT equipment	313,131	704,577	–	(305,237)	712,471
Leasehold improvements	9	–	–	–	9
Motor vehicles	3,694,497	7,738,685	(3,214,947)	(1,831,265)	6,386,970
Office equipment	308,809	212,714	–	(80,155)	441,368
Plant and machinery	2,544,099	1,577,386	–	(1,074,423)	3,047,062
	7,337,308	10,592,727	(3,214,947)	(3,589,835)	11,125,253

Reconciliation of property, plant and equipment Rand – 2016

	Opening balance	Additions	Disposals	Foreign exchange movements	Depreciation	Total
Computer software	240,894	268,955	(42,359)	–	(132,302)	335,188
Furniture and fixtures	204,325	193,994	–	–	(256,744)	141,575
IT equipment	588,761	2,415	(13,433)	–	(264,612)	313,131
Leasehold improvements	1,298	–	–	–	(1,289)	9
Motor vehicles	3,447,462	3,776,275	(2,347,894)	–	(1,181,346)	3,694,497
Office equipment	187,217	205,704	(6,317)	–	(77,795)	308,809
Plant and machinery	42,486	2,816,476	–	(22,790)	(292,073)	2,544,099
	4,712,443	7,263,819	(2,410,003)	(22,790)	(2,206,161)	7,337,308

Property, plant and equipment encumbered as security

The property, plant and equipment have been encumbered per note 28.

4. Investment in subsidiary

Name of company

	% holding 2017	% Holding 2016	Carrying Amount 2017	Carrying Amount 2016
Rupee				
199,999 shares held in Mahindra West Africa Limited	99.99%	– %	14,558,586	

Name of company

	% holding 2017	% Holding 2016	Carrying Amount 2017	Carrying Amount 2016
Rand				
199,999 shares held in Mahindra West Africa Limited	99.99%	– %	3,014,200	

Fair value of investment in subsidiary

The carrying amount of the investment in subsidiary is considered by management to approximate its fair values and is deemed as Level 3, as defined by IFRS 13 Fair Value Measurements.

There were no transfers between Levels 1, 2 and 3 during the financial year.

5. Retirement benefits

Defined contribution plan

It is the policy of the company to provide retirement benefits to all its employees. A defined contribution provident fund which is subject to the Pensions Fund Act exists for this purpose. The scheme is funded by company and employee contributions only, which are charged to the income statement as they are incurred. The total company contributions to such scheme in 2017 was Rs. 3 752 755: R776 968 (2016: Rs. 3 475 045: R719 471).

The company is under no obligation to cover any unfunded benefits.

6. Financial assets by category

The accounting policies for financial instruments at amortised cost have been applied to the line items below:

Rupee – 2017	Loans and receivables	Cash and cash equivalents	Investment in subsidiary at amortised cost	Total
Cash and cash equivalents	–	193,835,546	–	193,835,546
Trade and other receivables	792,104,776	–	–	792,104,776
Investment in subsidiary at amortised cost	–	–	14,558,586	14,558,586
	792,104,776	193,835,546	14,558,586	1,000,498,908

Rand – 2017	Loans and receivables	Cash and cash equivalents	Investment in subsidiary at amortised cost	Total
Cash and cash equivalents	–	40,131,583	–	40,131,583
Trade and other receivables	163,996,848	–	–	163,996,848
Investment in subsidiary at amortised cost	–	–	3,014,200	3,014,200
	163,996,848	40,131,583	3,014,200	207,142,631

Rupee – 2016	Loans and receivables	Cash and Cash equivalents	Total
Cash and cash equivalents	–	327,867,756	327,867,756
Trade and other receivables	499,531,230	–	499,531,230
	499,531,230	327,867,756	827,398,986

NOTES TO FINANCIAL STATEMENTS (Contd.)

Rand – 2016	Loans and receivables	Cash and Cash equivalents	Total
Cash and cash equivalents	–	67,881,523	67,881,523
Trade and other receivables	103,422,615	–	103,422,615
	103,422,615	67,881,523	171,304,138

7. Deferred tax

Deferred tax asset

	2017		2016	
	Rs.	ZAR	Rs.	ZAR
Accelerated capital allowances for tax purposes	**1,060,374**	**219,539**	512,241	106,054
Deferred revenue less Section 24C allowance	**17,659,871**	**3,656,288**	17,995,899	3,725,859
Provision for doubtful accounts	–	–	7,776	1,610
Provisions	**90,851,952**	**18,809,928**	86,230,299	17,853,064
Total deferred tax asset	**109,572,197**	**22,685,755**	104,746,215	21,686,587

Reconciliation of deferred tax asset/(liability)

	2017		2016	
	Rs.	ZAR	Rs.	ZAR
At beginning of the year	**104,746,215**	**21,686,587**	78,960,559	16,347,942
Taxable/(deductible) temporary difference movement on tangible fixed assets	**548,133**	**113,485**	(20,194)	(4,181)
Originating temporary difference on provisions	**4,621,658**	**956,865**	7,809,951	1,616,967
(Reversing)/originating temporary difference on interest on deferred revenue	**(336,023)**	**(69,570)**	17,995,899	3,725,859
Deductible temporary difference movement on doubtful debts	**(7,786)**	**(1,612)**	–	–
	109,572,197	**22,685,755**	104,746,215	21,686,587

8. Inventories

	2017		2016	
	Rs.	ZAR	Rs.	ZAR
Motor vehicles	**447,773,274**	**92,706,682**	372,616,774	77,146,330
Spares	**141,378,978**	**29,271,010**	108,598,445	22,484,150
Goods-in-transit	**253,845,548**	**52,556,014**	279,192,967	57,803,927
Agricultural produce	**33,645,379**	**6,965,917**	83,175,435	17,220,587
	876,643,179	**181,499,623**	843,583,621	174,654,994
Provision for write down of inventories to net realizable value – agricultural produce	–	–	(6,681,315)	(1,383,295)
Provision for write down of inventories to net realizable value – motor vehicles and spares	**(28,279,061)**	**(5,854,878)**	(25,772,474)	(5,335,916)
	848,364,118	**175,644,745**	811,129,832	167,935,783

Inventories were pledged as security for overdraft facilities of the company. Refer to note 28 for full details on the facilities granted to the company.

9. Trade and other receivables

	2017		2016	
	Rs.	ZAR	Rs.	ZAR
Trade receivables	**694,145,150**	**143,715,352**	428,370,246	88,689,492
Other receivable	**33,713,072**	**6,979,932**	66,830,957	13,836,637
Deposits	**4,937,926**	**1,022,345**	4,330,028	896,486
VAT	**59,308,628**	**12,279,219**	25,197,564	5,216,887
	792,104,776	**163,996,848**	524,728,795	108,639,502

Trade and other receivables pledged as security

Trade and other receivables were pledged as security for overdraft facilities of the company. Refer to note 28 for full details on the facilities granted to the company.

Fair value of trade and other receivables

All amounts are short term. The carrying value of trade receivables is considered by management to approximate their fair values and is deemed as Level 3, as defined by IFRS 13 Fair Value Measurements.

There were no transfers between Levels 1, 2 and 3 during the financial year.

Trade and other receivables past due but not impaired

The ageing of amounts past due but not impaired is as follows:

	2017		2016	
Automotive business	Rs.	ZAR	Rs.	ZAR
Not more than 3 months	**39,150,362**	**8,105,665**	46,015,729	9,527,066
More than 3 months but not more than 6 months	**8,469,907**	**1,753,604**	8,813,393	1,824,719
More than 6 months but not more than 1 year	**3,449,470**	**714,176**	15,841,989	3,279,915
More than 1 year	–	–	37,032	7,667
	51,069,739	**10,573,445**	70,708,143	14,639,367

	2017		2016	
Agricultural produce business	Rs.	ZAR	Rs.	ZAR
Not more than 3 months	**23,999,932**	**4,968,930**	1,326,482	274,634
More than 3 months but not more than 6 months	**78,010,832**	**16,151,311**	6,930,354	1,434,856
More than 6 months but not more than 1 year	**23,150,779**	**4,793,122**	–	–
	125,161,543	**25,913,363**	8,256,836	1,709,490

Trade and other receivables impaired

All trade and other receivables have been reviewed for indicators of impairment and accordingly adequate provisions were raised.

10. Cash and cash equivalents

Cash and cash equivalents consist of:

	2017		2016	
	Rs.	ZAR	Rs.	ZAR
Cash on hand	**324,610**	**67,207**	142,379	29,478
Bank balances	**193,510,936**	**40,064,376**	327,725,377	67,852,045
Bank overdraft	**(295,640,919)**	**(61,209,300)**	(164,911,057)	(34,143,076)
	(101,805,373)	**(21,077,717)**	**162,956,699**	**33,738,447**

NOTES TO FINANCIAL STATEMENTS (Contd.)

	2017		2016	
	Rs.	ZAR	Rs.	ZAR
Current assets	**193,835,546**	**40,131,583**	327,867,756	67,881,523
Current liabilities	**(295,640,919)**	**(61,209,300)**	(164,911,057)	(34,143,076)
	(101,805,373)	**(21,077,717)**	162,956,699	33,738,447

11. Share capital

	2017		2016	
	Rs.	ZAR	Rs.	ZAR
Authorised				
70,000,000 (2016: 70,000,000) Ordinary shares with no par value	**338,100,000**	**70,000,000**	338,100,000	70,000,000
Reconciliation of number of shares issued:				
Issue of shares – ordinary shares	**251,160,000**	**52,000,000**	251,160,000	52,000,000
Issued				
52,000,000 (2016: 52,000,000) Ordinary shares with no par value	**251,160,000**	**52,000,000**	251,160,000	52,000,000

12. Foreign currency translation reserve

The Kenya Branch operations in Shilling has been translated to ZAR based on the exchange rate. The foreign currency reserve is a result of the foreign currency translation.

	2017		2016	
	Rs.	ZAR	Rs.	ZAR
Kenya Branch operations	**9,133,912**	**1,891,079**	(4,116,329)	(852,242)

13. Provisions

Reconciliation of provisions Rupee – 2017

	Opening balance	Additions	Utilised during the year	Change in discount factor	Total
Provision for warranty claims	**280,546,729**	**236,103,919**	**(202,557,487)**	**(6,766,019)**	**307,327,142**

Reconciliation of provisions Rupee – 2016

	Opening balance	Additions	Utilised during the year	Change in discount factor	Total
Provision for extended warranty	1,278,023	–	(1,278,023)	–	–
Provision for warranty claims	231,925,781	289,886,462	(271,687,983)	30,422,470	280,546,730
	233,203,804	289,886,462	(272,966,006)	30,422,470	280,546,730

Reconciliation of provisions Rand – 2017

	Opening balance	Additions	Utilised during the year	Change in discount factor	Total
Provision for warranty claims	**58,084,209**	**48,882,799**	**(41,937,368)**	**(1,400,832)**	**63,628,808**

Reconciliation of provisions Rand – 2016

	Opening balance	Additions	Utilised during the year	Change in discount factor	Total
Provision for extended warranty	264,601	–	(264,601)	–	–
Provision for warranty claims	48,017,760	60,017,901	(56,250,100)	6,298,648	58,084,209
	48,282,631	60,017,901	(56,514,701)	6,298,648	58,084,209

	2017		2016	
	Rs.	ZAR	Rs.	ZAR
Non-current liabilities	**172,553,590**	**35,725,381**	112,295,723	23,249,632
Current liabilities	**134,773,552**	**27,903,427**	168,251,007	34,834,577
	307,327,142	**63,628,808**	280,546,730	58,084,209

Warranty Provision

Nature: This provision is raised due to the fact that certain vehicles sold are sold under a warranty, thus this provision estimates cost that would occur in the future for vehicles repairs under warranties.

Assumptions: Warranty provisions are management's best estimate of the company's liability (after the expected reimbursement from the manufacturer) on vehicles under two or three year warranties based on three years actual historical sales and warranty claims occurred.

Further, the remaining non-current warranty provision has been discounted to present value and the amount related 5to the opening provision has been adjusted in opening reserves and the incremental amount pertaining to the current financial year has been adjusted in cost of sales.

14. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below.

2017	Financial liabilities at amortised cost	Total
Rupee		
Bank overdrafts	**295,640,919**	**295,640,919**
Trade and other payables	**320,318,707**	**320,318,707**
	615,959,626	**615,959,626**

2016	Financial liabilities at amortised cost	Total
Rupee		
Bank overdrafts	164,911,057	164,911,057
Trade and other payables	304,769,551	304,769,551
	469,680,608	469,680,608

2017	Financial liabilities at amortised cost	Total
Rand		
Bank overdrafts	**61,209,300**	**61,209,300**
Trade and other payables	**66,318,573**	**66,318,573**
	127,527,873	**127,527,873**

NOTES TO FINANCIAL STATEMENTS (Contd.)

2016	Financial liabilities at amortised cost	Total
Rand		
Bank overdrafts	**34,143,076**	34,143,076
Trade and other payables	**63,099,286**	63,099,286
	97,242,362	97,242,362

15. Trade and other payables

	2017		2016	
	Rs.	ZAR	Rs.	ZAR
Accrued expense	**75,355,660**	**15,601,586**	40,777,482	8,442,543
Accrued leave pay	**7,890,800**	**1,633,706**	6,446,205	1,334,618
Other payables	**98,388,708**	**20,370,333**	–	–
Sundry payables	**798,737**	**165,370**	1,521,030	314,913
Trade payables	**137,884,807**	**28,547,579**	256,024,834	53,007,212
	320,318,712	**66,318,574**	304,769,551	63,099,286

All amounts are short term. The carrying amount of the trade and other payables is considered by management to approximate their fair values and is deemed as Level 3, as defined by IFRS 13 Fair Value Measurements.

There were no transfers between Levels 1, 2 and 3 during the financial year.

16. Deferred income

	2017		2016	
	Rs.	ZAR	Rs.	ZAR
Service plans	**273,267,180**	**56,577,056**	227,674,526	47,137,583

Nature: Certain vehicles are sold with a service plan. This service plan then covers certain services for a predetermined number of years and kilometers travelled. The income from these service plans is deferred and recognised as these services are performed.

Assumptions: The fair value of deferred revenue from service plans is management's best estimate of the company's future income and cost based on the estimated service cost that would occur for the selected models over a period of three to five years adjusted for inflation and possible price increases in parts and labour used in the service of the selected model.

	2017		2016	
	Rs.	ZAR	Rs.	ZAR
Non-current liabilities	**165,162,178**	**34,195,068**	114,824,213	23,773,129
Current liabilities	**108,105,002**	**22,381,988**	112,850,313	23,364,454
	273,267,180	**56,577,056**	227,674,526	47,137,583

17. Revenue

	2017		2016	
	Rs.	ZAR	Rs.	ZAR
Sale of goods	**4,731,893,991**	**979,688,197**	3,440,072,889	712,230,412
The amount included in revenue arising from exchanges of goods or services included in revenue are as follows:				
Sale of spares	**560,270,388**	**115,998,010**	478,094,295	98,984,326
Sale of vehicles	**3,486,798,899**	**721,904,534**	2,759,203,627	571,263,691
Sale of service plan	**133,979,172**	**27,738,959**	162,163,743	33,574,274
Sale of accessories	**6,231,197**	**1,290,103**	3,873,674	802,003
Sale of agricultural produce	**544,614,335**	**112,756,591**	36,737,550	7,606,118
	4,731,893,991	**979,688,197**	3,440,072,889	712,230,412

18. Cost of sales

	2017		2016	
	Rs.	ZAR	Rs.	ZAR
Sale of goods				
Cost of goods sold	**4,236,428,949**	**877,107,443**	2,935,266,700	607,715,673
Write down of inventories to net realisable value – movement	**(2,506,586)**	**(518,962)**	(26,079,174)	(5,399,415)
	4,233,922,363	**876,588,481**	2,909,187,526	602,316,258

19. Operating profit

Operating profit for the year is stated after accounting for the following, amongst others:

Auditor's remuneration - external

	2017		2016	
	Rs.	ZAR	Rs.	ZAR
Fees	**2,955,960**	**612,000**	2,788,842	577,400

Leases

	2017		2016	
	Rs.	ZAR	Rs.	ZAR
Operating lease charges				
Premises	**5,795,010**	**1,199,795**	5,024,069	1,040,180
Expenses by nature				
Depreciation, amortization and impairment	**17,338,903**	**3,589,835**	10,655,758	2,206,161
Employee costs	**154,674,635**	**32,023,734**	117,208,977	24,266,869
Loss/(gain) on exchange differences	**10,552,961**	**2,184,878**	(1,504,603)	(311,512)
Profit on sale of property, plant and equipment	**(1,767,229)**	**(365,886)**	(2,029,498)	(420,186)

20. Investment income

	2017		2016	
	Rs.	ZAR	Rs.	ZAR
Interest income From investments in financial assets:				
Bank	**8,065,453**	**1,669,866**	26,879,510	5,565,116

21. Finance costs paid

	2017		2016	
	Rs.	ZAR	Rs.	ZAR
Bank and other	**32,326,808**	**6,692,921**	6,319,659	1,308,418
Holding company for vehicle purchase credit	**191,041**	**39,553**	2,987,172	618,462
Interest to SARS	–	–	59,660	12,352
Total finance costs	**32,517,849**	**6,732,474**	9,366,491	1,939,232

NOTES TO FINANCIAL STATEMENTS (Contd.)

22. Taxation

Major components of the tax expense

	2017		2016	
	Rs.	ZAR	Rs.	ZAR
Current				
Local income tax – current period	**57,243,474**	**11,851,651**	101,153,048	20,942,660
Local income tax – recognised in current tax prior periods	–	–	7,602,618	1,574,041
	57,243,474	**11,851,651**	108,755,666	22,516,701
Deferred				
Deferred tax – current period	**(4,825,986)**	**(999,169)**	(25,785,651)	(5,338,644)
	52,417,488	**10,852,482**	82,970,015	17,178,057

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

	2017		2016	
	Rs.	ZAR	Rs.	ZAR
Accounting profit	**108,638,751**	**22,492,495**	226,366,847	46,866,842
Tax at the applicable tax rate of 28% (2016: 28%)	**30,418,852**	**6,297,899**	63,382,718	13,122,716
Tax effect of adjustments on taxable income				
Non-taxable/ deductible items	**(257,106)**	**(53,231)**	–	–
Non-taxable/ deductible operations - Kenya	**22,255,742**	**4,607,814**	12,762,633	2,642,367
Capital gains tax on sale of assets	–	–	33,737	6,985
Fines and penalties	–	–	222,175	45,999
Prior period adjustment	–	–	6,568,752	1,359,990
	52,417,488	**10,852,482**	82,970,015	17,178,057

23. Cash used in operations

	2017		2016	
	Rs.	ZAR	Rs.	ZAR
Profit before taxation and before foreign currency translation reserve	**108,638,751**	**22,492,495**	226,366,847	46,866,842
Adjustments for:				
Depreciation and amortisation	**17,338,903**	**3,589,835**	10,655,757	2,206,161
Profit on sale of assets	**(1,767,229)**	**(365,886)**	(2,029,498)	(420,186)
Interest income	**(8,065,453)**	**(1,669,866)**	(26,879,510)	(5,565,116)
Finance costs paid	**32,517,849**	**6,732,474**	9,366,491	1,939,232
Movements in provisions	**26,780,413,**	**5,544,599**	47,342,926	9,801,848
Foreign currency translation reserve	**13,250,240**	**2,743,321**	(4,116,329)	(852,242)
Foreign currency translation in property plant and equipment	–	–	110,076	22,790
Changes in working capital:				
Inventories	**(37,234,286)**	**(7,708,962)**	(173,859,825)	(35,995,823)
Trade and other receivables	**(267,375,981)**	**(55,357,346)**	(137,112,345)	(28,387,649)
Trade and other payables	**15,549,214**	**3,219,299**	136,290,940	28,217,586
Deferred income	**45,592,655**	**9,439,473**	(2,437,793)	(504,719)
	(54,774,924)	**(11,340,564)**	83,697,737	17,328,724

24. Commitments

Operating leases – as lessee (expense)

	2017		2016	
	Rs.	ZAR	Rs.	ZAR
Minimum lease payments due				
– within one year	**5,330,745**	**1,103,674**	3,795,061	785,727
– in second to fifth year inclusive	**4,189,890**	**867,472**	–	–
	9,520,635	**1,971,146**	3,795,061	785,727

Operating lease payments represent rentals payable by the company for certain of its premises (residential and office properties). The non cancellable leasing arrangements range from between two and three years and are usually renewable by mutual consent on agreed terms. No contingent rent is payable.

25. Related parties

Relationships

Holding company	Mahindra & Mahindra Limited
Subsidiaries	Mahindra West Africa Limited
Fellow Subsidiaries	SsangYong Motor Company
	Bristlecone
Directors	1) Dr. Pawan Goenka
	2) Kandasamy Chandrasekar
	3) Pravin Shah
	4) Ashok Thakur
	5) Sanjoy Gupta
	6) Avinash Bapat

Related party balances

	2017		2016	
	Rs.	ZAR	Rs.	ZAR
Amounts included in Trade receivable (Trade payables) regarding related parties				
Mahindra & Mahindra Limited (Payable)	**(51,939,719)**	**(10,753,565)**	(188,363,909)	(38,998,739)
Mahindra & Mahindra Limited (Receivable)	**228,247,518**	**47,256,215**	10,513,418	2,176,691
Mahindra West Africa Limited (2017: USD 55 500; 2016: USD Nil)	**3,483,266**	**721,173**	–	–
SsangYong Motor Company (Receivable)	**1,383,230**	**286,383**	1,920,268	397,571
SsangYong Motor Company (Payable)	–	–	(881,200)	(182,443)
Bristlecone (Payable)	–	–	(664,420)	(137,561)

NOTES TO FINANCIAL STATEMENTS (Contd.)

	2017		2016	
	Rs.	ZAR	Rs.	ZAR
	181,174,295	**37,510,206**	(177,475,843)	(36,744,481)
Amounts included in goods in transit				
Mahindra & Mahindra Limited	**253,845,678**	**52,556,041**	279,192,967	57,803,927
Related party transactions				
Interest paid to (received from) related parties				
Mahindra & Mahindra Limited	–	–	2,557,586	529,521
Purchases from (sales to) related parties				

	2017		2016	
	Rs.	ZAR	Rs.	ZAR
Mahindra & Mahindra Limited	**2,339,609,119**	**484,391,122**	1,689,736,328	349,841,890
SsangYong Motor Company	**8,860,447**	**1,834,461**	53,260,086	11,026,933
Bristlecone	–	–	664,420	137,561
	2,348,469,566	**486,225,583**	1,743,660,834	361,006,384
Compensation to directors and other key management				
Short-term employee benefits (for 2017 please refer to note 26).............................	**26,343,781**	**5,454,199**	22,021,260	4,559,267

26. Directors' emoluments

No emoluments were paid to the directors.

Executive

Rupee - 2017	**Director 1**	**Director 2**	**Director 3**	**Director 4**	**Director 5**	**Director 6**
Basic Salary	**–**	**–**	**–**	**5,399,954**	**5,324,925**	**2,942,364**
Performance Pay	**–**	**–**	**–**	**1,353,178**	**1,579,188**	**632,276**
Benefits	**–**	**–**	**–**	**3,701,002**	**3,332,434**	**2,078,460**
Pension Fund Contributions...	**–**	**–**	**–**	**–**	**–**	**–**
Total	**–**	**–**	**–**	**10,454,134**	**10,236,547**	**5,653,100**

Rand - 2017	**Director 1**	**Director 2**	**Director 3**	**Director 4**	**Director 5**	**Director 6**
Basic Salary	**–**	**–**	**–**	**1,118,003**	**1,102,469**	**609,1855**
Performance Pay	**–**	**–**	**–**	**280,161**	**326,954**	**130,9066**
Benefits	**–**	**–**	**–**	**766,253**	**689,945**	**430,3233**
Pension Fund Contributions...	**–**	**–**	**–**	**–**	**–**	**–**
Total	**–**	**–**	**–**	**2,164,417**	**2,119,368**	**1,170,414**

27. Risk management

Capital risk 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.

Liquidity risk

The company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long term financial liabilities as well as cash outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis as well as on the basis of a rolling 30-day projection. Short-term liquidity needs for a 120-day or less are identified monthly.

Funding in regards to long term liquidity needs is additionally secured by an adequate amount of committed credit facilities.

The company have contractual maturities which are summarised below:

	Rs.	ZAR	Rs.	ZAR
At 31 March 2017	**Current**		**Within 6 months**	
Trade and other payables	**320,318,712**	**66,318,574**	**603,174,613**	**62,769,071**

	Rs.	ZAR	Rs.	ZAR
At 31 March 2016	**Current**		**Within 6 months**	
Trade and other payables	298,323,346	61,764,668	163,444,036	33,839,345

The above contractual maturities reflect the gross cash flows which may differ to the carrying values of the liabilities at the reporting date.

Interest rate risk

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of +0.5% and -0.5% (2016: +0.5% and -0.5%), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on the company's financial instruments held at each balance sheet date. All other variables are held constant.

NOTES TO FINANCIAL STATEMENTS (Contd.)

	2017 Rs.		2017 ZAR		2016 Rs.		2016 ZAR	
	+0.5%	-0.5%	+0.5%	-0.5%	+0.5%	-0.5%	+0.5%	-0.5%
Net results for the year	1,478,207	(1,478,207)	306,047	(306,047)	958,489	(958,489)	198,445	(198,445)

Credit risk

The company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date.

The company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The company's policy is to deal only with creditworthy counterparties.

The company's management considers that all the financial assets are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due. See note 8 for further information on impairment or financial assets that are past due.

In respect of trade and other receivables, the company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The credit risk for liquid funds is considered negligible, since the counterparties are reputable banks with quality external credit ratings.

Foreign exchange risk

Foreign currency exposure at the end of the reporting period

Most of the company's transactions are carried out in Rands. Exposure to currency exchange rates arise from the company's overseas purchases and sea freight, which are primarily denominated in US Dollars. To mitigate the company's exposure to foreign currency risk, non Rand cash flows are monitored and forward exchange contracts are entered into in accordance with our risk management policies. Forward exchange contracts are generally entered into when the rate is more favourable than the budgeted rate.

Foreign currency denominated financial assets and liabilities, translated in Rands at the closing rate, are as follows:

	2017		2016	
	Rs.	ZAR	Rs.	ZAR
Assets				
Mahindra and Mahindra Limited (2017: USD 6,040; 2016: USD 6,040)	2,170,921	449,466	438,767	90,842
Bank balance (2017: USD 104,761; 2016: USD 163,709)	6,574,987	1,361,281	11,892,344	2,462,183
American Motors (2017: USD Nil; 2016: USD 2,027)	–	–	147,247	30,486
SsangYong Motor Company (2017: USD 22,039; 2016: USD 26,133)	**1,383,230**	**286,383**	1,898,383	393,040
Mahindra West Africa Limited (2017: USD 55,500; 2016: USD Nil)	**3,483,266**	**721,173**	–	–
	13,612,404	**2,818,303**	**14,376,741**	**2,976,551**
Liabilities				
Savino del Bene (2017: USD 3,915; 2016: USD 1,895	**245,688**	**50,867**	137,660	28,501
Mahindra and Mahindra Limited (2017: USD 104,350; 2016: USD 115,600)	**6,549,161**	**1,355,934**	8,397,554	1,738,624
	6,794,849	**1,406,801**	**8,535,214**	**1,767,125**

Foreign currency sensitivity

The following table illustrates the sensitivity of the net result for the year and equity in regards to the company's financial assets and financial liabilities and the US Dollar Rand exchange rate.

It assumes a +5% and -12% change of the Rand / US Dollar exchange rate for the year ended 31 March 2017 (2016: +5% and -12 %). This has been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the company's foreign currency financial instruments held at balance sheet date and also takes into account forward exchange contracts that offset effects from changes in currency exchange rates.

If the Rand had strengthened against the US Dollar by 5% (2016: 5%) then this would have had the following impact:

	2017		2016	
	Rs.	ZAR	Rs.	ZAR
Net results for the year	340,877	70,575	292,075	60,471

If the Rand had weakened against the US Dollar by 12% (2015: 12%) then this would have had the following impact:

	2017		2016	
	Rs.	ZAR	Rs.	ZAR
Net results for the year	(818,105)	(169,380)	(700,983)	(145,131)

Exposure to foreign exchange rates varies during the year depending on the volumes of overseas transactions. Nonetheless the analysis above is considered to be representative of the company's exposure to currency risk.

28. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

29. Banking facilities

The company avails credit facilities with The State Bank of India which has sanctioned an interchangeable ZAR facility of R30 million (2016: R30 million) for a combination of overdraft, letters of credit and bank guarantees. An additional Forward Cover Limit of USD5 million (2016: USD5 million) is available.

At year end the company has utilised none of its overdraft facility from State Bank of India and has also used none of the Forward Cover facility.

The above facilities have been secured as follows:

- General Notorial Bond on all present and future moveable assets of the Company including stocks. Whether in the company's showroom, warehouse or in transit, but excluding book debts.
- An unrestricted first cession of all present and future book debts due or to become due.
- Letter of comfort from Mahindra & Mahindra Limited India.

The company avails credit facilities with Barclays Bank in Kenya which has sanctioned amounts of KES 242 500 000 and for short term loans of USD 2 000 000 and letters of credit USD 500 000.

The above facilities have been secured as follows:

- General Notorial Bond on all present and future moveable assets of the Company including stocks. Whether in the company's showroom, warehouse or in transit, but excluding book debts.
- An unrestricted cession of all present and future book debts due or to become due.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their twenty third Report together 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 Lakh)
Particulars	**For the year ended 31st March, 2017**	For the year ended 31st March, 2016
Total Income	**13,156.77**	11,339.09
Profit before Interest, Depreciation and Taxation	**1,268.86**	1,371.65
Less: Interest	**10.45**	8.87
Depreciation	**17.80**	5.49
Profit before Tax	**1,240.61**	1,357.29
Less: Income Tax thereon:		
Current Tax	**458.16**	332.59
Deferred Tax	**(19.23)**	109.37
Net Profit	**801.68**	915.33
Other Comprehensive Income	**(1.01)**	2.78
Total Income including other Comprehensive Income	**800.67**	918.11
Balance of Profit brought forward from last year	**1,281.84**	501.89
Payment of Dividend	**573.96**	114.79
Tax on Proposed Dividend	**116.85**	23.37
Balance of Profit carried forward	**1,391.70**	1,281.84
Net Worth	**9,337.66**	3,577.69

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 2016-17 till the date of this Report, which would affect the financial position of your Company.

Operations

During the financial year ended 31st March, 2017, total income from operations increased to Rs. 13,072.60 lakh from Rs. 11,031.76 lakh in financial year ended 31st March, 2016, reflecting an increase of 18%.

Your company has achieved first fill rates (FFR) of 86% for commercial order and 88% for vehicle off road (VOR) orders by executing delivery orders timely, leading to reduction in retention of vehicles at authorized dealer workshops.

Share Capital

As on 31st March, 2017, the authorized share capital of your Company stood at Rs. 1500,00,00,000 and the issued, subscribed and paid up share capital of the Company was Rs. 79,45,96,120 comprising of 3,97,29,80,600 Equity Shares of the face value of Re. 0.20 each.

Performance and Financial Position of the Subsidiary Company

Mahindra Automobile Distributor Private Limited had become a subsidiary of the Company with effect from 29th March, 2017. The highlights of performance of the subsidiary company and its contribution to the overall performance of the Company is given in Form AOC-1 which is attached to the Financial Statements of the Company and forms part of this Report.

Dividend and Reserves

Your Directors recommended a dividend of Re. 0.01209 per equity share on 3,97,29,80,600 fully paid-up equity shares of Re. 0.20 each aggregating to Rs. 480.38 lakh. The Dividend Distribution Tax would be Rs. 97.80 lakh. No amount is proposed to be transferred to the general reserves of the Company out of the profits for the year.

Board of Directors

Mr. Rajan Wadhera (DIN: 00416429) retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

The Company has received declarations from Mr. Shrikant Marathe (DIN: 05243645) and Mr. S. C. Bhargava (DIN: 00020021), Independent Directors, to the effect that they meet the criteria of independence as provided in sub-section 6 of Section 149 of Companies Act, 2013.

Evaluation of performance

Pursuant to the provisions of the Companies Act, 2013, the Board 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 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 Directors. The Directors expressed their satisfaction with the evaluation process.

Board Meetings and Annual General Meeting

Your Board of Directors met five times during the year under review on 28th April, 2016, 25th July, 2016, 17th October, 2016, 17th January, 2017 and 24th March, 2017. The 22nd Annual General Meeting (AGM) of the Company was held on 25th July, 2016.

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

Name of Directors	Directors' Identification Number	Category	No. of meetings attended out of Five meetings
Mr. Rajan Wadhera (Chairman)	00416429	Non – Executive Non – Independent	5
Mr. S. Durgashankar*	00044713	Non – Executive Non – Independent	2
Mr. Bharat Moossaddee	02166403	Non – Executive Non – Independent	5
Mr. Nalin Mehta (Managing Director)	02272736	Executive	3
Mr. Hemant Sikka	00922281	Non – Executive Non – Independent	5
Dr. Anish Shah	02719429	Non – Executive Non – Independent	2
Mr. S. C. Bhargava	00020021	Independent	5
Mr. Shrikant Marathe	05243645	Independent	5

* resigned from the directorship of the Company from close of business hours of 24th March, 2017.

Meeting of Independent Directors

The Independent Directors of the Company met on 17th October, 2016 without the presence of the Non-Independent Directors or Chief Financial Officer or any other Management Personnel. The Meeting was conducted in an informal and flexible manner to enable the Independent Directors to discuss matters pertaining to, inter alia, review of performance of Non-Independent Directors and the Board as a whole, review the performance of the Chairman of the Company (taking into account the views of the Executive and Non-Executive Directors), assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Directors' Responsibility Statement

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

(i) in the preparation of the annual accounts, the applicable accounting standards have been followed;

(ii) the directors had selected such accounting policies and applied 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) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the annual accounts have been prepared on a going concern basis;

(v) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Codes of Conduct

Your Company has adopted Codes of Conduct for Corporate Governance ("the Codes") for its Directors and Senior Management Personnel and Employees. These Codes enunciate the underlying principles governing the conduct of your Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of your Company's ethos.

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

Key Managerial Personnel

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

a) Mr. Nalin Mehta – Managing Director

b) Mr. Arun Mishra – Chief Financial Officer

c) Mr. Suryakant L. Khare – Company Secretary

There was no change in the KMPs during the year under review.

Mr. Nalin Mehta was re-appointed as the Managing Director of the Company for a period of two years with effect from 1st April, 2017 till 31st March, 2019.

Committees of the Board

Audit Committee

The Audit Committee comprises of the following Directors:

a) Mr. Bharat Moossaddee* (Chairman of the Committee)

b) Mr. Shrikant Marathe

c) Mr. S. C. Bhargava

Except for Mr. Bharat Moossaddee, the other Members are Independent Directors. All the Members of the Committee possess accounting and financial management knowledge. All the recommendations of the Audit Committee were accepted by the Board.

The Committee met five times during the year on 28th April, 2016, 25th July, 2016, 17th October, 2016, 17th January, 2017 and 24th March, 2017.

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

Name of Directors	Category	No. of meetings attended out of Five meetings
Mr. S. Durgashankar (Chairman)^	Non – Executive Non- Independent	2
Mr. Shrikant Marathe	Independent	5
Mr. S. C. Bhargava	Independent	5
Mr. Bharat Moossaddee*	Non – Executive Non- Independent	–

^ Mr. S. Durgashankar resigned from the directorship of the Company from close of business hours of 24th March, 2017.

* Mr. Bharat Moossaddee was appointed as a member of the Audit Committee in place of Mr. S. Durgashankar on 24th March, 2017 and as the Chairman of the Committee on 27th April, 2017.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of the following Directors:

a) Mr. Bharat Moossaddee* (Chairman of the Committee)

b) Mr. Rajan Wadhera

c) Mr. Shrikant Marathe

d) Mr. S. C. Bhargava

Except for Mr. Bharat Moossaddee and Mr. Rajan Wadhera, the other Members are Independent Directors. All the Members of the Committee are Non - Executive Directors.

The Committee met twice during the year under review on 28th April, 2016 and 25th July, 2016.

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

Name of Directors	Category	No. of meetings attended out of 2 meetings
Mr. S. Durgashankar^ (Chairman)	Non - Executive Non - Independent	1
Mr. Rajan Wadhera	Non - Executive Non - Independent	2
Mr. Shrikant Marathe	Independent	2
Mr. S. C. Bhargava	Independent	2
Mr. Bharat Moossaddee*	Non - Executive Non - Independent	–

^ Mr. S. Durgashankar resigned from the directorship of the Company from close of business hours of 24th March, 2017.

* Mr. Bharat Moossaddee was appointed as the member of the Nomination and Remuneration Committee in place of Mr. S. Durgashankar on 24th March, 2017 and as the Chairman of the Committee on 27th April, 2017.

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee comprises of the following Directors –

a) Mr. Rajan Wadhera (Chairman of the Committee)

b) Mr. Nalin Mehta

c) Mr. Bharat Moossaddee

d) Mr. S. C. Bhargava

The Committee met once on 28th April, 2016. All the Members of the said Committee were present at the said meeting.

In terms of the provisions of Section 135 of the Companies Act, 2013 and Rules made thereunder, the Company spent on the following CSR activities during the year ended 31st March, 2017:

- Total amount of Rs. 16.08 Lakh was spent on CSR Activities.
- About half of the total amount i.e. Rs. 7.70 lakh was spent on project Nanhikali.
- Rs. 1.89 lakh were spent on Smart Cane for Blind persons, donated to Technical training Institute of Poona Blind Men's Association.
- Rs. 6.49 lakh were spent on construction of classroom, compounding work for food storage areas & Stationery donated to the Punaruthan Samarsatha Gurukulam (Chapekar Sanstha, Chinchwad Pune).

Report on Corporate Social Responsibility containing particulars specified in Annexure to the Companies (Corporate Social Responsibility Policy) Rules, 2014 is given in **Annexure I** and forms part of this report.

Statutory Auditors and Auditors' Report

Messrs. Deloitte Haskins & Sells, Chartered Accountants, (ICAI registration Number 117365W) were appointed as the statutory auditors of the Company to hold office from the conclusion of the 22nd Annual General Meeting until the conclusion of 23rd Annual General Meeting.

As recommended by the Audit Committee and approved by the Board, it is proposed to appoint B. K. Khare & Co. (Firm Registration No. 105102W) as the Statutory Auditors of the Company to hold office from conclusion of the 23rd Annual General Meeting ('AGM'), till the conclusion of the 28th AGM, subject to ratification by members at every AGM.

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

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

Secretarial Auditors

As the paid-up share capital your Company crossed Rs. 50 crore on 29th March, 2017, M/s Ashish Bhat & Associates, Company Secretaries in practice, were appointed as the Secretarial Auditor for the year ended 31st March, 2017 pursuant to Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

In terms of provisions of sub section 1 of section 204 of Companies Act, 2013, the Company has annexed to this Board Report as **Annexure II**, a Secretarial Audit Report given by the Secretarial Auditors. 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 have not reported to the Audit Committee any instances of frauds committed in the Company by its officers or employees under section 143 (12) of the Companies Act 2013.

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

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

a) Policy on Appointment of Directors and Senior Management and succession planning for orderly succession to the Board and the Senior Management.

b) Policy for remuneration of the Directors, Key Managerial Personnel and other employees.

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

Risk Management Policy

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

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

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

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8(3) of the Companies (Accounts) Rules, 2014 are given as **Annexure 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 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

Particulars of investments made during the year under review are given in note No. 4 under the notes to the financial statements. Your Company has neither given any loan, guarantee nor provided any security in connection with a loan pursuant to section 186 of the Companies Act, 2013 during the year under review.

Your Company has made an investment in Mahindra Automobile Distributor Private Limited (MADPL) to acquire 74% of its shareholding from Mahindra and Mahindra Limited as a result MADPL becoming the subsidiary of your Company.

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

Internal Financial Controls

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

Contracts or Arrangements with Related Parties

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

Extract of Annual Return

Pursuant to section 134(3)(a) and section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014 an extract of the Annual return as on 31st March, 2017 in Form No. MGT 9 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

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

Place: Mumbai
Date: April 27, 2017

Rajan Wadhera
Chairman

ANNEXURE I TO THE DIRECTORS' REPORT

CORPORATE SOCIAL RESPONSIBILITY

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ("CSR") ACTIVITIES FOR THE FINANCIAL YEAR 2016-17

1. Brief outline of Company's CSR Policy including overview of projects or programs proposed to be undertaken.

The CSR vision of Mahindra Trucks & Buses Limited (MTBL) is to serve and give back to the community within which we work.

The objective of this policy is to –

- Promote a unified and strategic approach to CSR across the Company by incorporating under one 'Rise for Good' umbrella the diverse range of its philanthropic giving, identifying select constituencies and cause to work with, thereby ensuring high social impact.
- Encourage employees to participate actively in the Company's CSR and give back to the society in an organized manner through the employee volunteering programme called ESOPs (Employee Social Options). Every MTBL employee will contribute time and effort towards community building.

The MTBL CSR Committee has contributed 2% of the average net profits made during the three immediately preceding financial years to CSR initiatives which meet the needs of the local communities where we operate.

Our commitment to CSR will be manifested by investing resources in the following areas:

1. Eradicating hunger, poverty and malnutrition, promoting healthcare including preventive health care and sanitation & making available Safe drinking water;
2. Promoting education, including special education and employment enhancing vocation skills especially among children, woman, elderly & the differently abled and the livelihood enhancements projects;
3. Welfare of Transportation related community;
4. Welfare of the Neighboring Community around MTBL offices, plant, facilities;
5. Contribution to Holding Company for welfare activities conducted by it;
6. Promoting gender equality, empowering women, setting up homes and hostels for woman & orphans; setting up old age homes, daycare centers, and such other facilities for senior citizens & measures for reducing inequalities faced by social & economically backward groups;
7. Ensuring environmental sustainability, ecological balance, Protection of flora & fauna, animal welfare, agro forestry, conservation of natural resources & maintaining quality of soil, air & water;
8. Protection of national heritage, art & culture including restoration of buildings & sites of historical importance & works of art; setting up of public libraries, promotion & development of traditional arts & handicrafts.

The Board level CSR Committee of the Company shall be responsible for monitoring implementation of the CSR Policy. CSR Committee shall approve and recommend to the Board projects or programs to be undertaken, the modalities of execution, and implementation schedule thereof.

2. The composition of the CSR Committee

The Committee comprises of the following Directors –

1. Mr. Rajan Wadhera - Chairman
2. Mr. Nalin Mehta
3. Mr. Bharat Moossaddee
4. Mr. S. C. Bhargava

3. Average Net Profit of the company for last three financial years –

The average Net Profit of the company for last three financial years i.e. 2013-14, 2014-15 and 2015-16 is Rs. 769.58 Lakh.

4. Prescribed CSR Expenditure (two percent of the amount as in item No. 3 above)

In terms of the provisions of Section 135 of the Companies Act, 2013 and Rules made thereunder, the Company had spent an amount of Rs. 16.08 Lakh during the year ended 31st March, 2017, in pursuance of Corporate Social Responsibility Policy.

5. **Details of CSR spent during the financial year:**

   a. Total amount to be spent for the financial year: Rs. 16.08 Lakh

   b. Amount unspent: NIL

   c. Manner in which the amount spent during the financial year is detailed below:

(Rs. in Lakh)

Sr. No.	CSR project/ activity identified	Sector in which the Project is covered	Projects/ Programmes 1. Local area/ others- 2. Specify the state and district where projects or programs were undertaken	Amount outlay (budget)/project/ programs wise	Amount spent on the project/ programs 1. Direct expenditure on project/ programs 2. Overheads	Cumulative expenditure up to the reporting period	Amount spent Direct/through implementing agency
1	Nanhi Kali	Promoting Education	Maharashtra	7.7	7.7	7.7	Through K. C. Mahindra Education Trust
2	Punarutthan Gurukulam	Promoting Education	Maharashtra	6.49	6.49	14.19	Direct
3	Technical Training Institute of Poona Blind Men's Association	Promoting Education	Maharashtra	1.89	1.89	16.08	Through implementing agency Saksham
Total						**16.08**	

6. **In case the Company fails to spend the 2% of the Average Net Profit (INR) of the last 3 financial years or any part thereof, the reasons for not spending the amount shall be stated in the Board report.**

   Not Applicable, as the Company has spent the requisite amount on CSR activities.

7. **Responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.**

   The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

For and on behalf of the Board

Nalin Mehta
Managing Director

Rajan Wadhera
Chairman of CSR Committee

Place: Mumbai

Date: April 27, 2017

ANNEXURE II TO THE DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT

Form MR-3

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 Trucks and Buses Limited
Gateway Building, Apollo Bunder,
Mumbai 400001, Maharashtra.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Mahindra Trucks and Buses 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 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 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);

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; (Not applicable to the Company during audit period)

(iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011(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).

(v) **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.

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

- The Company allotted 2,82,50,55,000 Equity Shares of Re. 0.20 each at par, aggregating to Rs. 56,50,11,000 on rights basis.

We further report that during the audit period the Company has passed following ordinary/special resolutions which are having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

1. Increase in Investment Limits as per section 186 of the Act.
2. Increase in Borrowing Limits as per section 180(1)(c) of the Act.

For Ashish Bhatt & Associates

Ashish Bhatt
Practicing Company Secretary
FCS No: 4650
C.P. No. 2956

Place: Thane
Date: April 27, 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.

For Ashish Bhatt & Associates

Ashish Bhatt
Practicing Company Secretary
FCS No: 4650
C.P. No. 2956

Place: Thane
Date: April 27, 2017

ANNEXURE III –A TO THE DIRECTORS' REPORT

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

DEFINITIONS

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

"Board" means Board of Directors of the Company.

"Company" means Mahindra Trucks And Buses Limited.

"Committee(s)" means Committees of the Board for the time being in force.

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

"HR" means the Human Resource department of the Company.

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

(i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)

(ii) Chief Financial Officer (CFO); and

(iii) Company Secretary (CS).

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

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

I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of director:

  1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.

  2. Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making.

  3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in 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 & 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:

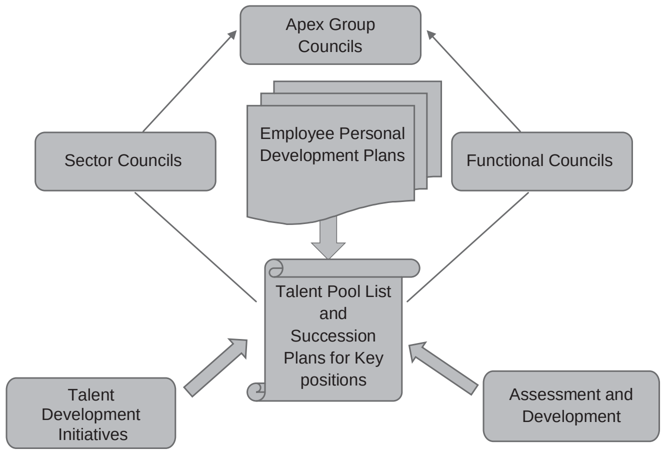
a) **Experience** i.e. both long and short-term assignments. This has 70% weightage

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

Place: Mumbai
Date: April 27, 2017

Rajan Wadhera
Chairman

ANNEXURE III - B TO THE DIRECTORS' REPORT

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

Purpose

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Mahindra Trucks And Buses Limited.

Policy Statement

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

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

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

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

Executive Directors:

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

Key Managerial Personnel (KMPs)

The terms of remuneration of Chief Financial Officer (CFO) and Company Secretary (CS) & other Key Managerial personnel, if any, shall be determined by the NRC from time to time. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Companies Act, 2013 the Board shall approve the remuneration at the time of their appointment.

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

Employees

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

a. For all employees from Operational to Executive Band, we benchmark with a set of comparators from the same industry.

b. For Strategic band and above, we have a position-based approach and the comparator basket includes benchmarks from across relevant industries.

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

- Performance
- Potential
- Criticality
- Longevity in grade

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

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

For and on behalf of the Board

Place: Mumbai
Date: April 27, 2017

Rajan Wadhera
Chairman

ANNEXURE IV TO THE DIRECTORS' REPORT

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

SECTION 134(3)(M) OF THE COMPANIES ACT, 2013 READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 IS FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2017

A. CONSERVATION OF ENERGY

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

The operations of the Company are not energy intensive as it does not have its own manufacturing facility. However, the Company constantly reviews the consumption of electricity and its rationalization.

(b) The steps taken by the company for utilizing alternate sources of energy: Not Applicable.

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

B. TECHNOLOGY ABSORPTION

i) The efforts made towards technology absorption - None

ii) The benefits derived like product improvement, cost reduction, product development or import substitution: Not applicable

iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – Not applicable

(a) The details of technology imported: None

(b) The year of import: Not Applicable

(c) Whether the technology been fully absorbed: Not Applicable

(d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Not Applicable

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

Total Foreign Exchange Earned and Used:

(Rs. in Lakh)

	For Financial Year ended 31st March, 2017	For Financial Year ended 31st March, 2016
Total Foreign Exchange earned	**46.73**	33.00
Total Foreign Exchange used	**50.70**	51.00

For and on behalf of the Board

Place: Mumbai
Date: April 27, 2017

Rajan Wadhera
Chairman

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 arm's length transaction under third proviso thereto.

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

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

Sr. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	(i) Mahindra Heavy Engines Limited – Fellow Subsidiary.
		(ii) Mahindra and Mahindra Limited – Parent company
b)	Nature of contracts/arrangements/transactions	Sale, purchase and supply of goods and materials, Investment, reimbursements & services.
c)	Duration of the contracts/ arrangements/ transactions	1st April, 2016 to 31st March, 2017
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	(i) Purchase of parts and components Rs 1438.79 lakhs.
		(ii) Sale, purchase and supply of goods and materials, Investment, reimbursements & services. Rs 6481.51 lakhs
e)	Date of approval by the Board, if any	N.A.
f)	Amount paid as advances, if any	Nil

Pursuant to Notification dated 14th August, 2014 issued by the Ministry of Corporate Affairs New Delhi (G.S.R. 590(E)).

For and on behalf of the Board

Place: Mumbai
Date: April 27, 2017

Rajan Wadhera
Chairman

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**	U63040MH1994PLC079098
2.	**Registration Date**	20th June, 1994
3.	**Name of the Company**	Mahindra Trucks and Buses Limited
4.	**Category/Sub-Category of the Company**	Public Limited Company
5.	**Address of Registered office and contact details**	Gateway Building, Apollo Bunder, Mumbai – 400 001. Tel: 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 House, 46, Avenue 4, Street No.1, Banjara Hills Hyderabad -500 038 Tel: 040 - 23312454 Fax: 040 – 23311968 Email: 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 shall be stated:

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product/Service	% to total turnover of the Company
1.	Motor Vehicle parts and Accessories	503	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate of the Company	% of shares held	Applicable Section
1.	MAHINDRA & MAHINDRA LIMITED Gateway Building, Apollo Bunder, Mumbai – 400 001	L65990MH1945PLC004558	Holding Company	100%	2(46)
2.	MAHINDRA AUTOMOBILE DISTRIBUTOR PRIVATE LIMITED Gateway Building, Apollo Bunder, Mumbai – 400 001	U34100MH2005PTC153702	Subsidiary Company	74%	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 Corporate	–	1,14,79,25,600	1,14,79,25,600	100%		3,97,29,80,600	3,97,29,80,600	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. Bank/FI	–	–	–	–	–	–	–	–	–
f. Any Other	–	–	–	–	–	–	–	–	–
Sub-Total- A(1)	–	1,14,79,25,600	1,14,79,25,600	100%	–	3,97,29,80,600	3,97,29,80,600	100%	–
2. Foreign									
a. NRI- Individuals	–	–	–	–	–	–	–	–	–
b. Other Individuals	–	–	–	–	–	–	–	–	–
c. Bodies Corporate	–	–	–	–	–	–	–	–	–
d. Bank/ FI	–	–	–	–	–	–	–	–	–
e. Any Other	–	–	–	–	–	–	–	–	–
Sub - Total - A(2)	–	–	–	–	–	–	–	–	–
Total Shareholding of Promoters (A)=(A)(1)+(A)(2)	–	**1,14,79,25,600**	**1,14,79,25,600**	**100%**	–	**3,97,29,80,600**	**3,97,29,80,600**	**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 Venture Capital Fund	–	–	–	–	–	–	–	–	–
i. Others (specify)	–	–	–	–	–	–	–	–	–
Sub - Total - B(1)	–	–	–	–	–	–	–	–	–
2. Non - Institution									
a. Bodies Corporate	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b. Individual	–	–	–	–	–	–	–	–	–
i. Individual shareholders holding nominal share capital upto Rs. 1 lac	–	–	–	–	–	–	–	–	–
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lac	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c. 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)	–	**1,14,79,25,600**	**1,14,79,25,600**	**100%**	–	**3,97,29,80,600**	**3,97,29,80,600**	**100%**	–

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	Mahindra & Mahindra Limited	1,14,79,25,593	100%	–	3,97,29,80,593	100%	–	–
2	Mahindra & Mahindra Limited Jointly with Mr. A. M. Choksey*	1	–	–	1	–	–	–
3	Mahindra & Mahindra Limited Jointly with Mr. P. N. Shah*	1	–	–	1	–	–	–
4	Mahindra & Mahindra Limited Jointly with Mr. Narayan Shankar*	1	–	–	1	–	–	–
5	Mahindra & Mahindra Limited Jointly with Mr. A. K. Nanda*	1	–	–	1	–	–	–
6	Mahindra & Mahindra Limited Jointly with Mr. M. A. Nazareth*	1	–	–	1	–	–	–
7	Mahindra & Mahindra Limited Jointly with Mrs. Angarika Baviskar*	1	–	–	1	–	–	–
8	Mahindra & Mahindra Limited Jointly with Mr. Vinay Mohan*	1	–	–	1	–	–	–
	Total	**1,14,79,25,600**	**100%**	–	**3,97,29,80,600**	**100%**	–	–

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

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

Sr. No.	For Each of the Promoters	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	**Mahindra & Mahindra Limited**				
	At the beginning of the year	1,14,79,25,600	100%	**3,97,29,80,600**	100%
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	Allotment of 282,50,55,000 Equity Shares of Rs. 0.20 each amounting to 56,50,11,000 on 29th March, 2017.			
	At the End of the year	–	–	**3,97,29,80,600**	100%

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

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

v. Shareholding of Directors and Key Managerial Personnel:

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

V. INDEBTEDNESS

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

(Rs. in Lakh)

PARTICULARS	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year 01.04.2016				
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total of (i+ii+iii)	–	–	–	–

(Rs. in Lakh)

PARTICULARS	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total indebtedness
Change in Indebtedness during the financial year				
+ Addition	–	–	–	–
– Reduction	–	–	–	–
Net Change	–	–	–	–
Indebtedness at the end of the financial year 31.03.2017				
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total of (i+ii+iii)	–	–	–	–

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Rs. in Lakh)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		Nalin Mehta -M. D.	
1.	Gross Salary	**10.87**	**10.87**
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	–	–
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	–	–
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
	Commission – As % of Profit – Others, specify	–	–
4.	Others, please specify		
	Total (A)	**10.87***	**10.87***
	Ceiling as per the Act	As per Schedule V of the Companies Act, 2013	

* Reimbursement of Managerial remuneration charge from Holding company.

B. Remuneration of other directors:

I. Independent Directors:

(Rs. In Lakh)

Particulars of Remuneration	Name of Directors		Total Amount
	Mr. Shrikant Marathe	**Mr. S.C. Bhargava**	
Fee for attending board/committee meetings	1.70	1.80	3.50
Commission**	3.00	3.00	6.00
Others	–	–	–
Total(1)	4.70	4.80	9.50

** Commission will be paid subject to approval of the Shareholders at the forthcoming Annual General Meeting.

II. Other Non-Executive Directors:

(Rs. in Lakh)

Other Non-Executive Directors						**Total Amount**
Fee for attending board/committee meetings	–	–	–	–	–	–
Commission	–	–	–	–	–	–
Others	–	–	–	–	–	–
Total (II)	–	–	–	–	–	–
Total B = (I+II)	–	–	–	–	–	–
Total Managerial Remuneration (A+B)						20.37
Overall Ceiling as per the Act	(Being 1% of the Net Profits of the Company calculated as per section 198 of the Companies Act, 2013)					

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

(Rs. in Lakh)

Sr. No.	**Particulars of Remuneration**	**Name of the KMP**		**Total Amount**
		Mr. Arun Kumar Mishra (CFO)	**Mr. Suryakant Khare (CS)**	
1.	Gross Salary	**14.23**	**2.14**	**16.37**
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	13.87		13.87
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	0.36		0.36
	(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			
	Total (C)	**14.23**	**2.14**	**16.37**

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)**
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

Rajan Wadhera
Chairman

Place: Mumbai
Date: April 27, 2017

INDEPENDENT AUDITORS' REPORT

To The Members of
Mahindra Trucks and Buses Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **Mahindra Trucks and Buses 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 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 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

Our responsibility is to express an opinion on these standalone 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 standalone 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 standalone 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 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.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone 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, and its profit, total comprehensive profit, 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 standalone 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.

   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. 117365W)

Nilesh Shah
Partner

Mumbai, April 27, 2017 (Membership No. 49660)

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 **Mahindra Trucks and Buses 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 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.

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

Nilesh Shah
Partner
(Membership No. 49660)

Mumbai, April 27, 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) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) The property, 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 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 order is not applicable.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) 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 investments made. 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 from the public during the year.

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

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 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) 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) 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. As regards provision for commission payable to independent directors, though amounts provided are within the limits prescribed by the provisions of section 197 read with Schedule V to the Companies Act, 2013, same is subject to members' approval at the general meeting.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the 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 standalone Ind AS 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 directors of its holding or subsidiary 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. 117365W)

Nilesh Shah
Partner
Mumbai, April 27, 2017 (Membership No. 49660)

STANDALONE BALANCE SHEET AS ON MARCH 31, 2017

(Rs. in Lakh)

Particulars			Note No	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
A	**ASSETS**					
1	**Non-current assets**					
	(a)	Property, plant and equipment	3	**43.96**	46.33	11.54
	(b)	Financial assets				
		(i) Investments	4(A)	**5,650.11**	–	–
		(ii) Trade receivables	5(A)	**202.17**	–	–
		(iii) Loans	6	**38.42**	35.41	32.63
	(c)	Deferred tax assets (net)	7	**57.87**	38.11	148.95
	(d)	Current tax assets (net)	8	**3.28**	86.86	70.13
	(e)	Other non-current assets	9	**311.96**	237.99	4.87
	Total Non-current assets			**6,307.77**	444.70	268.12
2	**Current assets**					
	(a)	Inventories	10	**2,448.33**	2,303.23	1,831.24
	(b)	Financial assets				
		(i) Investments	4(B)	**629.54**	550.69	820.81
		(ii) Trade receivables	5(B)	**2,377.48**	2,195.46	2,481.32
		(iii) Cash and cash equivalents	11	**220.00**	77.14	14.73
		(iv) Bank balances other than (iii) above	11	**152.15**	752.00	450.00
		(v) Other financial assets	12	**1.81**	3.52	5.63
	(c)	Other current assets	13	**104.94**	62.47	184.26
	Total current assets			**5,934.25**	5,944.51	5,787.99
	Total Assets (1+2)			**12,242.02**	6,389.21	6,056.11
B	**EQUITY AND LIABILITIES**					
1	**Equity**					
	(a)	Equity share capital	14	**7,945.96**	2,295.85	2,295.85
	(b)	Other equity	15	**1,391.70**	1,281.84	501.89
	Total equity (a+b)			**9,337.66**	3,577.69	2,797.74
	Liabilities					
2	**Non-current liabilities**					
	Provisions		16(A)	**6.53**	4.07	3.95
	Total Non-Current Liabilities			**6.53**	4.07	3.95
3	**Current liabilities**					
	(a)	Financial liabilities				
		(i) Trade payables	17	**2,415.50**	2,408.69	2,593.06
		(ii) Other financial liabilities	18	**2.01**	9.36	8.02
	(b)	Provisions	16(B)	**74.95**	51.00	380.81
	(c)	Current tax liabilities (Net)	19	**134.69**	2.29	48.88
	(d)	Other current liabilities	20	**270.68**	336.11	223.65
	Total Current Liabilities			**2,897.83**	2,807.45	3,254.42
	Total Equity and Liabilities (1+2+3)			**12,242.02**	6,389.21	6,056.11

See accompanying notes to the standalone financial statements

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

Nilesh Shah
Partner

Place: Mumbai
Date: April 27, 2017

For and on behalf of the Board of DIrectors

Mr Nalin Mehta
Managing Director

Mr Bharat Moossaddee
Director

Mr Arun Mishra
Chief Financial Officer

Mr SuryaKant Laxman Khare
Company Secretary

Place: Mumbai
Date: April 27, 2017

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

(Rs. in Lakh)

	Particulars	Note No	For the year ended March 31, 2017	For the year ended March 31, 2016
I	**Revenue from operations**	21	**13,072.60**	11,031.76
II	**Other income**	22	**84.17**	307.33
III	**Total Income (I + II)**		**13,156.77**	11,339.09
IV	**Expenses**			
	(a) Purchases of stock-in-trade	23(A)	**7,750.96**	7,116.28
	(b) Changes in inventories of stock-in-trade	23(B)	**(145.10)**	(471.99)
	(c) Employee benefit expense	24	**206.35**	188.71
	(d) Finance costs	25	**10.45**	8.87
	(e) Depreciation expense (Note no 3)		**17.80**	5.49
	(f) Other expenses	26	**4,075.70**	3,134.44
	Total Expenses (IV)		**11,916.16**	9,981.80
V	**Profit before tax (III - IV)**		**1,240.61**	1,357.29
VI	**Tax Expense**			
	(a) Current tax	27	**458.16**	332.59
	(b) Deferred tax	27	**(19.23)**	109.37
	Total tax expense		**438.93**	441.96
VII	**Profit after tax from continuing operations (V - VI)**		**801.68**	915.33
VIII	**Profit for the period**		**801.68**	915.33
IX	**Other comprehensive income**			
	A (i) Items that will not be reclassified to profit or loss			
	(a) Remeasurements of the defined benefit plans		**(1.54)**	4.25
	(ii) Income tax relating to items that will not be reclassified to profit or loss			
	(a) Remeasurements of the defined benefit plans		**0.53**	(1.47)
	Total Other Comprehensive Income		**(1.01)**	2.78
X	**Total comprehensive income for the period (VIII + IX)**		**800.67**	918.11
XI	**Earnings per equity share (Nominal value per share Rs. 0.20)** Basic and Diluted	28	**0.07**	0.08

See accompanying notes to the standalone financial statements

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

Nilesh Shah
Partner

Place: Mumbai
Date: April 27, 2017

For and on behalf of the Board of DIrectors

Mr Nalin Mehta
Managing Director

Mr Bharat Moossaddee
Director

Mr Arun Mishra
Chief Financial Officer

Mr SuryaKant Laxman Khare
Company Secretary

Place: Mumbai
Date: April 27, 2017

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

(Rs. in Lakh)

Particulars		For the year ended March 31, 2017	For the year ended March 31, 2016
Cash flows from operating activities			
Profit before tax for the year		**1,240.61**	1,357.29
Adjustments for:			
Interest of Fixed Deposit		**(30.70)**	(47.86)
Dividend Income from current investments		**(6.59)**	(29.48)
Net Gain on Sale of investment		**(10.26)**	(19.18)
Depreciation expense		**17.80**	5.49
Loss on disposal of property, plant and equipment		**–**	0.08
Amortisation of Lease		**2.79**	2.80
Interest income on unwinding of security deposit		**(3.01)**	(2.78)
Remeasurement (gain)/loss on financial assets designated at FVTPL		**–**	(0.69)
Provision for doubtful trade receivable		**19.87**	19.71
Provision for doubtful trade receivable written back		**(17.74)**	(42.38)
Trade receivables written off		**–**	0.31
Liabilities & provision no longer required written back		**(11.60)**	(9.88)
Provision for loss on sale return		**–**	(151.17)
Provision for warranty		**66.87**	47.15
		1,268.04	1,129.41
Movements in working capital:			
(Increase)/decrease in trade receivables		**(386.32)**	308.22
(Increase)/decrease in inventories		**(145.10)**	(471.99)
(Increase)/decrease in other assets		**(119.23)**	(114.12)
Increase/(decrease) in trade payables		**6.81**	(184.37)
Increase/(decrease) in provisions		**(42.01)**	(221.43)
Increase/(decrease) in other financial liabilities		**(0.87)**	(5.51)
Increase/(decrease) in other liabilities		**(53.83)**	122.34
Cash generated from operations		**527.49**	562.55
Income taxes paid		**(242.18)**	(395.91)
Net cash generated by operating activities	A	**285.31**	166.64
Cash flows from investing activities			
Net cash outflow on acquisition of a subsidiary		**(4,794.46)**	–
Payments to acquire financial assets - Preference shares		**(855.65)**	–
Payments to acquire financial assets - Mutual Fund		**(1,190.45)**	(2,120.91)
Proceeds on sale of financial assets - Mutual Fund		**1,121.86**	2,410.90
Interest received		**32.42**	49.97
Other dividends received		**6.59**	29.48
Payments for property, plant and equipment		**(21.91)**	(33.51)

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

(Rs. in Lakh)

Particulars		For the year ended March 31, 2017	For the year ended March 31, 2016
Payments to acquire financial assets - Fixed deposit		**(152.15)**	(2,892.32)
Proceeds on sale of financial assets - Fixed deposit		**752.00**	2,590.32
Net cash (used in)/generated by investing activities	B	**(5,101.75)**	33.93
Cash flows from financing activities			
Proceeds from issue of equity instruments of the Company		**5,650.11**	–
Dividends paid on equity shares		**(690.81)**	(138.16)
Net cash generated by/(used in) financing activities	C	**4,959.30**	(138.16)
Net increase in cash and cash equivalents		**142.86**	62.41
Cash and cash equivalents at the beginning of the year		**77.14**	14.73
Cash and cash equivalents at the end of the year (Refer Note 11)	A+B+C	**220.00**	77.14

See accompanying notes to the standalone financial statements

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

Nilesh Shah
Partner

Place: Mumbai
Date: April 27, 2017

For and on behalf of the Board of DIrectors

Mr Nalin Mehta
Managing Director

Mr Bharat Moossaddee
Director

Mr Arun Mishra
Chief Financial Officer

Mr SuryaKant Laxman Khare
Company Secretary

Place: Mumbai
Date: April 27, 2017

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

a) Equity share capital

(Rs. in Lakh)

Particulars	Number of Shares	Equity share capital (Amount)
Balance at April 1, 2015	1,147,925,600	2,295.85
Changes in equity share capital during the year		
Issue of equity shares during the year	–	–
Balance at March 31, 2016	1,147,925,600	2,295.85
Changes in equity share capital during the year		
Issue of equity shares during the year	2,825,055,000	5,650.11
Balance at March 31, 2017	3,972,980,600	7,945.96

b) Other Equity

(Rs. in Lakh)

Particulars	Retained earnings	Other comprehensive income (Remeasurements of the defined benefit Plans)	Total
Balance as at April 1, 2015	501.89	–	501.89
Profit for the year	915.33	–	915.33
Payment of dividend	(114.79)	–	(114.79)
Tax paid on dividend	(23.37)	–	(23.37)
Other comprehensive income for the year, net of Income Tax	–	2.78	2.78
Balance as at March 31, 2016	**1,279.06**	**2.78**	**1,281.84**
Profit for the year	801.68	–	801.68
Payment of dividend	(573.96)	–	(573.96)
Tax paid on dividend	(116.85)	–	(116.85)
Other comprehensive income for the year, net of Income Tax	–	(1.01)	(1.01)
Balance as at March 31, 2017	**1,389.93**	**1.77**	**1,391.70**

See accompanying notes to the standalone financial statements

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

Nilesh Shah
Partner

Place: Mumbai
Date: April 27, 2017

For and on behalf of the Board of DIrectors

Mr Nalin Mehta
Managing Director

Mr Bharat Moossaddee
Director

Mr Arun Mishra
Chief Financial Officer

Mr SuryaKant Laxman Khare
Company Secretary

Place: Mumbai
Date: April 27, 2017

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

NOTE NO. 1. GENERAL INFORMATION

Mahindra Trucks and Buses Limited is in the business of trading in spare parts and accessories. It deals in parts required for the range of commercial vehicles manufactured and sold by its Holding Company, Mahindra & Mahindra Limited. The Company undertakes procurement, warehousing management, logistics and sale of spare parts and accessories. It has a network of dealers spread across India to ensure timely availability of spare parts to commercial vehicle customers.

The Company has elected not to prepare consolidated financial statements, as Mahindra & Mahindra Limited being the Holding Company prepares consolidated financial statements at Group Level. 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.

NOTE NO. 2. SIGNIFICANT ACCOUNTING POLICIES

2.1 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 March 31, 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. This is the company's first Ind AS financial statements. The date of transition to Ind AS is April 1 2015. Refer point no.-2.13 for the details of first-time adoption exemptions availed by the Company.

2.2 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. 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:

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
2. 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
3. Level 3 inputs are unobservable inputs for the asset or liability

2.3 Revenue Recognition:

Revenue is recognised at the fair value of the consideration received or receivable. Sale are recognised , net of returns , trade discounts , VAT/Sales Tax on the transfer of risk and rewards of ownership of the products to the customers, which is generally on dispatch of goods.

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:

a) The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;

b) The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

c) The amount of revenue can be measured reliably;

d) It is probable that the economic benefits associated with the transaction will flow to the company; and

e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.4 Leases:

The Company's significant leasing arrangements are in respect of operating lease for godowns. These leasing arrangements, which are non-cancellable, range between 2-3 years, and are usually renewable by mutual consent on agreed terms. The lease rentals payable are charged on a straight line basis over the lease term.

2.5 Foreign exchange transactions:

Transactions in foreign currencies (other than company's functional currency) are recorded at the exchange rates prevailing on the date of transaction. Monetary items are re-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 re-translation of Monetary items at the end of the year, is recognised as income or expense, as the case may be.

2.6 Employee Benefits:

2.6.1 Defined contribution plan

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

2.6.2 Defined benefit plan/leave encashment

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

2.6.3 Other benefits

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

2.7 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 applicable tax laws. Deferred tax is recognised on temporary differences between the carrying amounts assets and liabilities in the standalone financial statements and the corresponding tax bases used in the computation of taxable profit. 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 Property Plant & Equipment:

Property Plant & Equipments are carried at cost less depreciation. Cost comprises the purchase price and other attributable costs.

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.

Depreciation on assets is calculated on Straight Line Method at the rates and in the manner prescribed in Schedule II to the Companies Act, 2013, except in respect of the following categories of assets, in whose case the useful 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.:

Vehicles	5 years

2.9 Impairment:

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. Impairment loss is provided to the extent the carrying amount of assets exceeds their recoverable amount. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal.

2.10 Inventories:

Inventories comprise all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Stock -in -trade are valued at lower of cost or net realisable value after provision for obsolescence and other losses, where considered necessary. Cost is determined on the basis of weighted average method. Excise duty is included in the value of inventory.

2.11 Product Warranty:

In respect of warranties given by the Company on sale of certain products, the estimated costs of these warranties are accrued at the time of sale on the basis of technical estimate. These estimates are established using historical information on the nature, frequency and average cost of warranty claims. The estimates for accounting of warranties are reviewed and revisions are made as required.

2.12 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.

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 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.

<u>Investments in equity instruments at FVTOCI</u>

A financial asset is held for trading if:

1. It has been acquired principally for the purpose of selling it in the near term; or
2. on initial recognition it is part of a portfolio of identified financial instruments or a financial guarantee
3. it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee

The Company has equity investments in one entity which are not held for trading. The company has elected the FVTOCI irrevocable option for this investment (see note no 4). Fair value is determined in the manner described in note no 30. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit and loss on disposal of the investment.

Dividends on this investment in equity instruments is 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. Dividends recognised in profit or loss are included in the 'Other Income' line item.

2.13 First-time adoption of Ind AS – mandatory exceptions and optional exemptions:

Overall principle:

The Company has prepared the opening balance sheet as per Ind AS as of April 1, 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.

2.14 Critical accounting judgements and key sources of estimation uncertainty:

The preparation of standalone 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 standalone 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 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 useful lives of property, plant and equipment, obligations relating to employee defined benefits etc. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

2.15 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.

2.16 Investments:

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

2.17 Segment Reporting:

The Company has single reportable business segment namely Automotive vehicles-related spare parts. The Company has only one reportable geographical segment.

NOTE NO. 3. PROPERTY, PLANT AND EQUIPMENT

(Rs. in Lakh)

Description of Assets	Plant and Machinery	Computers	Furniture and Fixtures	Vehicles	Total
I. Gross carrying amount					
Balance as at April 1, 2015	–	9.01	–	14.03	23.04
Additions	40.36	–	–	–	40.36
Disposals	–	(1.59)	–	–	(1.59)
Balance as at March 31, 2016	**40.36**	**7.42**	**–**	**14.03**	**61.81**
Additions	4.80	–	0.33	10.30	15.43
Disposals	–	–	–	–	–
Balance as at March 31, 2017	**45.16**	**7.42**	**0.33**	**24.33**	**77.24**
II. Accumulated depreciation					
Balance as at April 1, 2015	–	7.33	–	4.17	11.50
Depreciation expense for the year	1.70	1.04	–	2.75	5.49
Eliminated on disposal of assets	–	(1.51)	–	–	(1.51)
Balance as at March 31, 2016	**1.70**	**6.86**	**–**	**6.92**	**15.48**
Depreciation expense for the year	13.30	0.17	0.31	4.02	17.80
Eliminated on disposal of assets	–	–	–	–	–
Balance as at March 31, 2017	**15.00**	**7.03**	**0.31**	**10.94**	**33.28**
III. Net carrying amount (I-II)					
Balance as on April 1, 2015	–	1.68	–	9.86	11.54
Balance as on March 31, 2016	**38.66**	**0.56**	**–**	**7.11**	**46.33**
Balance as on March 31, 2017	**30.16**	**0.39**	**0.02**	**13.39**	**43.96**

NOTE NO. 4(A). INVESTMENTS

(Rs. in Lakh)

Particulars	**As at March 31, 2017**		As at March 31, 2016		As at April 1, 2015	
	Quantity	**Amount**	Quantity	Amount	Quantity	Amount
Non-current						
Unquoted investments (all fully paid)						
Investments in equity instruments of a subsidiary -						
– Mahindra Automobile Distributor Private Limited equity shares of Rs. 10 each	**740,000**	**4,794.46**	–	–	–	–
Investments in 0.01% compulsorily convertible preference shares at fair value through other comprehensive income						
– Resfeber Labs Private Limited	**68,000**	**855.65**	–	–	–	–
Total unquoted investments	**808,000**	**5,650.11**	–	–	–	–

NOTE NO. 4(B). INVESTMENTS

(Rs. in Lakh)

Particulars	**As at March 31, 2017**		As at March 31, 2016		As at April 1, 2015	
	Quantity	**Amount**	Quantity	Amount	Quantity	Amount
Current						
Quoted investments (all fully paid) at fair value through profit or loss						
– Investments in mutual funds	**289,337**	**629.54**	99,417	550.69	442,725	820.81
Total quoted investments	**289,337**	**629.54**	99,417	550.69	442,725	820.81

Other Disclosures

(Rs. in Lakh)

Particulars	As at March 31, 2017 Quantity	As at March 31, 2017 Amount	As at March 31, 2016 Quantity	As at March 31, 2016 Amount	As at April 1, 2015 Quantity	As at April 1, 2015 Amount
Aggregate carrying value of unquoted investments						
a. Equity shares	**740,000**	**4,794.46**	–	–	–	–
b. 0.01% compulsorily convertible preference shares of Rs.100 each	**68,000**	**855.65**	–	–	–	–
	808,000	**5,650.11**	–	–	–	–
Aggregate book value of quoted investments						
a. Mutual funds:						
1. Birla Sun Life Cash Plus - Growth	–	–	82,482	200.25	–	–
2. Kotak Floater Short term - Growth	–	–	8,067	200.25	–	–
3. UTI Money Market Fund - Growth	–	–	8,868	150.19	–	–
4. Birla Sun Life Floating Rate Fund Short Term Plan - Growth	–	–	–	–	110,813	206.22
5. DWS Insta Cash Plus Fund Super Institutional Plan	–	–	–	–	225,473	408.90
6. ICICI Pru Money Market Fund - Growth	–	–	–	–	106,439	205.69
7. Birla Sun Life Cash Plus - Growth DDR	**50,393**	**50.49**	–	–	–	–
8. Birla Sun Life Floating Rate Fund Short Term Plan - DDR	**75,660**	**75.67**	–	–	–	–
9. Kotak Floater Short Term - (Daily Dividend)	**12,429**	**125.73**	–	–	–	–
10. ICICI Prudential Money Market DDR	**125,733**	**125.89**	–	–	–	–
11. Franklin India TMA Super I - DDR	**12,576**	**125.85**	–	–	–	–
12. UTI Money Market Fund - Institutional Plan DDR	**12,546**	**125.91**	–	–	–	–
	289,337	**629.54**	99,417	550.69	442,725	820.81
Aggregate market value of quoted investments	**289,337**	**629.54**	99,417	550.69	442,725	820.81
Aggregate amount of impairment in value of investments	–	–	–	–	–	–

NOTE NO. 5(A). TRADE RECEIVABLES

(Rs. in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non current			
Trade receivables			
Unsecured, considered good	**202.17**	–	–
Total	**202.17**	–	–

Note No. 5(B). Trade receivables

(Rs. in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current			
Trade receivables			
(a) Unsecured, considered good	**2,377.48**	2,195.46	2,481.32
(b) Unsecured, considered doubtful	**57.72**	55.58	86.00
Less: Allowance for bad and doubtful debts (expected credit loss allowance) (Refer note no 29)	**(57.72)**	(55.58)	(86.00)
Total	**2,377.48**	2,195.46	2,481.32

Refer note no. 29 for disclosure related to credit risk, expected credit loss and other related disclosure.

NOTE NO. 6. LOANS

(Rs. in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non current			
Security deposits			
– Unsecured, considered good	**38.42**	35.41	32.63
Total	**38.42**	35.41	32.63

NOTE NO. 7. DEFERRED TAX ASSETS (NET)

(Rs. in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Deferred tax liability:			
Recognised in Profit or Loss:			
(i) Property, plant and equipment	–	0.11	0.40
(ii) Fair value through profit and loss financial assets	–	0.24	6.88
Recognised in other comprehensive income:			
(i) Defined benefit obligations	**0.94**	1.47	–
Total	**0.94**	1.82	7.28
Deferred tax asset:			
Recognised in Profit or Loss:			
(i) Property, plant and equipment	**2.86**	–	–
(ii) Defined benefit obligations	**8.86**	7.03	8.99
(iii) Provision for doubtful debt	**19.98**	19.24	28.43
(iv) Provision for warranty	**20.28**	13.49	9.55
(v) Provision for loss on sales return	–	–	109.09
(vi) Discounting of security deposit	**0.10**	0.17	0.17
(vii) Deferred revenue	**6.73**	–	–
Total	**58.81**	39.93	156.23
Net deferred tax assets	**57.87**	38.11	148.95

Movement of deferred tax (Rs. in Lakh)

Particular	Opening balance	Recognised in profit and loss	Recognised in other comprehensive income	Closing balance
As at March 31, 2017				
Deferred tax (liabilities)/assets in relation to				
1. Property, plant and equipment	**(0.11)**	**2.97**	–	**2.86**
2. Fair value through profit and loss financial assets	**(0.24)**	**0.24**	–	–
3. Defined benefit obligations	**5.56**	**1.83**	**0.53**	**7.92**
4. Provision for doubtful debts	**19.24**	**0.74**	–	**19.98**
5. Provision for warranty	**13.49**	**6.79**	–	**20.28**
6. Discounting of security deposit	**0.17**	**(0.07)**	–	**0.10**
7. Deferred Revenue	–	**6.73**	–	**6.73**
	38.11	**19.23**	**0.53**	**57.87**
As at March 31, 2016				
Deferred tax (liabilities)/assets in relation to				
1. Property, plant and equipment	(0.40)	0.29	–	(0.11)
2. Fair value through profit and loss financial assets	(6.88)	6.64	–	(0.24)
3. Defined benefit obligations	8.99	(1.96)	(1.47)	5.56
4. Provision for doubtful debts	28.43	(9.19)	–	19.24
5. Provision for warranty	9.55	3.94	–	13.49
6. Provision for loss on sales return	109.09	(109.09)	–	–
7. Discounting of security deposit	0.17	–	–	0.17
	148.95	**(109.37)**	**(1.47)**	**38.11**

NOTE NO. 8. CURRENT TAX ASSETS (NET)

(Rs. in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non current			
Tax refund receivable [Net of provision for tax Rs. 201.17 (2016: Rs. 533.76 Lakhs) (2015: Rs. 201.17 Lakhs)]	**3.28**	86.86	70.13
Total	**3.28**	86.86	70.13

NOTE NO. 9. OTHER NON-CURRENT ASSETS

(Rs. in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Prepayments	–	2.07	4.87
(b) Others:			
Balances with government authorities			
– VAT credit receivable	**311.96**	235.92	–
	311.96	235.92	–
Total	**311.96**	237.99	4.87

NOTE NO. 10. INVENTORIES

(Rs. in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Stock-in-trade (in respect of goods acquired for trading) (lower of cost and net realisable value)	**2,448.33**	2,303.23	1,831.24
Total	**2,448.33**	2,303.23	1,831.24
Included above, goods-in-transit:			
Stock-in-trade (in respect of goods acquired for trading)	**1.83**	4.68	3.90
Total goods-in-transit	**1.83**	4.68	3.90

Note

The cost of inventories recognized as an expense during the year in respect of continuing operations was Rs. 7,605.86 Lakhs (2016: Rs. 6,644.29 Lakhs)

The cost of inventories recognized as an expense includes Rs. 157.16 Lakhs (2016: Rs. 132.29 Lakhs) in respect of write-downs of inventory to net realizable value.

NOTE NO. 11. CASH AND CASH EQUIVALENTS

(Rs. in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Cash and cash equivalents			
(a) Unrestricted balances with banks			
– With scheduled banks			
In current account	**180.00**	43.47	14.73
(b) Cheques, drafts on hand	**40.00**	33.67	–
Total cash and cash equivalents	**220.00**	77.14	14.73
Other bank balances			
Balances with banks:			
(i) On margin accounts (Under lien)	**2.15**	2.00	–
(ii) Fixed deposits with maturity less than 12 months	**150.00**	750.00	450.00
Total other bank balances	**152.15**	752.00	450.00

NOTE NO. 12. OTHER FINANCIAL ASSETS

(Rs. in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Financial assets at amortised cost			
Current			
Interest accrued on fixed deposits	**1.81**	3.52	5.63
Total	**1.81**	3.52	5.63

NOTE NO. 13. OTHER CURRENT ASSETS

(Rs. in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Prepayments	**4.26**	5.85	17.60
(b) Balances with government authorities:			
(i) Deposit with excise authorities	**24.96**	14.74	59.15
(ii) VAT credit receivable	–	–	75.13
(iii) Service tax credit receivable	**23.00**	16.63	8.56
	47.96	31.37	142.84
(c) Others:			
(i) Advance to suppliers	**52.23**	24.74	23.62
(ii) Others	**0.49**	0.51	0.20
	52.72	25.25	23.82
Total	**104.94**	62.47	184.26

NOTE NO. 14(A). EQUITY SHARE CAPITAL

(Rs. in Lakh)

Particulars	No. of shares	As at March 31, 2017	No. of shares	As at March 31, 2016	No. of shares	As at April 1, 2015
Authorised:						
Equity shares of Rs. 0.20 each with voting rights	**75,000,000,000**	**150,000.00**	75,000,000,000	150,000.00	75,000,000,000	150,000.00
Issued, subscribed and fully paid:						
Equity shares of Rs. 0.20 each with voting rights	**3,972,980,600**	**7,945.96**	1,147,925,600	2,295.85	1,147,925,600	2,295.85

NOTE NO. 14(B). EQUITY SHARE CAPITAL

(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			
As at March 31, 2017			
No. of shares	1,147,925,600	2,825,055,000	3,972,980,600
Amount (Rupees Lakhs)	2,295.85	5650.11	7,945.96
As at March 31, 2016			
No. of shares	1,147,925,600	–	1,147,925,600
Amount (Rupees Lakhs)	2,295.85	–	2,295.85

(ii) Terms/rights attached to equity shares

The Company has one class of equity shares having a par value of Rs. 0.20 per share. Each shareholder is eligible for one vote per share. The dividend proposed by the board of directors is subject to approval of the shareholders in the ensuing annual general meeting (AGM), except in the case of interim dividend which is ratified by the shareholders at the AGM.

The Equity Shares of the Company rank pari-passu in all respects including voting rights and entitlement to dividend.

(iii) Details of shares held by the holding company & its nominees

Particulars	No. of Shares Equity Shares with Voting rights
As at March 31, 2017	
Mahindra & Mahindra Limited (Holding Company) and its nominees	3,972,980,600
As at March 31, 2016	
Mahindra & Mahindra Limited (Holding Company) and its nominees	1,147,925,600
As at April 1, 2015	
Mahindra & Mahindra Limited (Holding Company) and its nominees	1,147,925,600

(iv) 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 & Mahindra Limited (Holding Company) and its nominees	3,972,980,600	100%	1,147,925,600	100%	1,147,925,600	100%

NOTE NO. 15. OTHER EQUITY

(Rs. in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Retained earnings	**1,389.93**	1,279.06	501.89
Other comprehensive income	**1.77**	2.78	–
	1,391.70	1,281.84	501.89

Particulars	As at March 31, 2017	As at March 31, 2016
a) Retained earnings		
Balance at the beginning of the year	**1,279.06**	501.89
Add: Profit for the year	**801.68**	915.33
Less: Payment of dividend (Refer note below)	**(573.96)**	(114.79)
Less: Tax paid on dividend	**(116.85)**	(23.37)
Closing Balance	**1,389.93**	1,279.06
b) Other comprehensive income		
Balance at the beginning of the year	**2.78**	–
Items that will not be reclassified to profit or loss		
Remeasurements of the defined benefit liabilities/ (asset)	**(1.54)**	4.25
Income tax relating to items that will not be reclassified to profit or loss	**0.53**	(1.47)
Closing Balance	**1.77**	2.78

Note: On July 28, 2016 dividend of Rs. 0.05 per share (total dividend Rs. 573.96 Lakhs) was paid to holders of fully paid equity shares. On August 13, 2015, the dividend paid was Rs. 0.01 per share (total dividend Rs. 114.79 Lakhs)

NOTE NO. 16(A). PROVISIONS

(Rs. in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current			
Provision for employee benefits			
(1) Long-term employee benefits			
a) Compensated absences	**6.53**	4.07	3.83
b) Gratuity (net)	–	–	0.12
Total	**6.53**	4.07	3.95

NOTE NO. 16(B). PROVISIONS

(Rs. in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current			
(a) Provision for employee benefits			
(1) Short-term employee benefits			
– Compensated absences	**9.19**	7.45	8.92
– Gratuity (net)	**7.17**	4.56	14.34
(b) Other provisions			
(1) Warranty claims (Refer note no 40)	**58.59**	38.99	28.87
(2) Other provisions (Provision for loss on sales return) (Refer note no 41)	–	–	328.68
Total	**74.95**	51.00	380.81

NOTE NO. 17. TRADE PAYABLES

(Rs. in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current			
(i) Total outstanding dues of micro enterprises and small enterprises (Refer Note no. 36)	**29.08**	57.78	63.27
(ii) Total outstanding dues other than micro enterprises and small enterprises	**2,386.42**	2,350.91	2,529.79
Total	**2,415.50**	2,408.69	2,593.06

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 29.

NOTE NO. 18. OTHER FINANCIAL LIABILITIES

(Rs. in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Other financial liabilities at amortised cost			
Current			
Deposits	–	–	2.00
Interest accrued on trade payables (Refer Note no. 36)	**1.64**	2.51	6.02
Payables for purchase of property, plant & equipment	**0.37**	6.85	–
Total	**2.01**	9.36	8.02

NOTE NO. 19. CURRENT TAX LIABILITIES (NET)

(Rs. in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Income tax payable [Net of advance tax Rs. 922.48 Lakhs (2016: Rs. 255.39 Lakhs) (2015: Rs. 208.79 Lakhs)]	**134.69**	2.29	48.88
Total	**134.69**	2.29	48.88

NOTE NO. 20. OTHER CURRENT LIABILITIES

(Rs. in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
a. Advances received from customers	**217.79**	264.11	177.56
b. Others			
- Statutory dues (Excise duty, service tax, sales tax, TDS etc.)	**52.89**	72.00	46.09
Total	**270.68**	336.11	223.65

NOTE NO. 21. REVENUE FROM OPERATIONS

(Rs. in Lakh)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(a) Revenue from sale of products (including excise duty of Rs. 1,758.28 (2016: Rs. 1,498.34))	**13,061.21**	11,027.31
(b) Other operating revenue		
- Sale of scrap	**11.39**	4.04
- Others	–	0.41
Total	**13,072.60**	11,031.76

NOTE NO. 22. OTHER INCOME

(Rs. in Lakh)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(a) Interest income		
On financial assets at amortised cost	**33.71**	50.64
(b) Dividend income		
On financial assets at fair value through profit or loss	**6.59**	9.36
(c) Other gains & (losses)		
Gain on sale of financial assets at fair value through profit or loss	**10.27**	39.99
(d) Liabilities & provision no longer required written back	**29.34**	203.43
(e) Miscellaneous income	**4.26**	3.91
Total	**84.17**	307.33

NOTE NO. 23(A). PURCHASES OF STOCK-IN-TRADE

(Rs. in Lakh)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Bought out spares	**7,750.96**	7,116.28
Total	**7,750.96**	7,116.28

NOTE NO. 23(B). CHANGES IN INVENTORIES OF STOCK-IN-TRADE

(Rs. in Lakh)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Inventories at the beginning of the year:	**2,303.23**	1,831.24
Stock-in-trade	**2,303.23**	1,831.24

(Rs. in Lakh)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Inventories at the end of the year:		
Stock-in-trade	**2,448.33**	2,303.23
	2,448.33	2,303.23
Net (increase)	**(145.10)**	(471.99)

NOTE NO. 24. EMPLOYEE BENEFIT EXPENSE

(Rs. in Lakh)

	Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(a)	Salaries and wages	**184.09**	170.24
(b)	Contribution to provident and other funds	**9.10**	9.96
(c)	Share based payments		
	Equity-settled share-based payments*	**9.61**	6.11
(d)	Staff welfare expenses	**3.55**	2.40
Total		**206.35**	188.71

* Represents cost reimbursed by company towards ESOP's granted by Mahindra & Mahindra Limited, the holding company.

NOTE NO. 25. FINANCE COST

(Rs. in Lakh)

	Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(a)	Interest expense		
	– Interest on delayed payment of income tax	**8.75**	6.09
	– Interest on trade payables	**1.64**	2.51
(b)	Others	**0.06**	0.27
Total		**10.45**	8.87

Analysis of interest expenses by category

(Rs. in Lakh)

	Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
	Interest Expenses		
(a)	On financial liability at amortised cost	**1.64**	2.51
(b)	Other interest expenses	**8.81**	6.36

NOTE NO. 26. OTHER EXPENSES

(Rs. in Lakh)

	Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(a)	Rent including lease rentals	**253.33**	161.94
(b)	Rates and taxes	**16.72**	0.93
(c)	Insurance	**9.24**	8.58
(d)	Repairs and maintenance - others	**8.22**	5.89
(e)	Freight outward	**818.31**	544.12
(f)	Advertisement & sales promotion expenses	**89.24**	26.88
(g)	Travelling and conveyance expenses	**18.65**	15.07
(h)	Subcontracting, hire and service charges	**960.89**	735.62

(Rs. in Lakh)

	Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(i)	Expenditure on corporate social responsibility (CSR) under section 135 of the Companies Act, 2013.	**16.08**	–
(j)	Warranty	**66.87**	47.15
(k)	Excise duty on sale of products	**1,758.28**	1,498.34
(l)	Provision for doubtful trade receivables	**19.87**	19.71
(m)	Bad trade receivables written off	–	0.31
(n)	Auditors remuneration and out-of-pocket expenses		
	(i) As auditors	**9.89**	9.16
	(ii) For other services	**2.19**	1.73
	(iii) For reimbursement of expenses	**0.12**	0.10
(o)	Legal and other professional costs	**29.83**	36.93
(p)	Decrease of excise duty on inventory	**(26.51)**	(5.38)
(q)	Foreign exchange loss (Net)	**0.78**	0.41
(r)	Loss on fixed assets scrapped	–	0.08
(s)	Miscellaneous expenses	**23.70**	26.87
Total		**4,075.70**	3,134.44

NOTE NO. 27. TAX EXPENSE

Income tax expense

(Rs. in Lakh)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Current tax		
Current income tax charge	**458.16**	332.59
Deferred tax		
In respect of current year origination and reversal of temporary differences	**(19.23)**	109.37
Total Tax Expense recognised in the statement of profit and loss	**438.93**	441.96

Numerical Reconciliation between average effective tax rate and applicable tax rate:

	As at March 31, 2017		As at March 31, 2016	
Particulars	**Amount**	**Tax Rate**	Amount	Tax Rate
Profit Before tax from Continuing Operations	**1,240.61**		1,357.29	
Income Tax using the Company's domestic Tax rate #	**429.37**	**34.61%**	450.47	33.19%
Tax Effect of :				
– Non deductible Expenses	**11.85**	**0.96%**	2.94	0.22%
– Tax-Exempt income	**(2.29)**	**(0.18)%**	(9.78)	(0.72)%
Difference in Tax rate for current tax & deferred tax	–	–	(1.67)	(0.12)%
Income Tax recognised in statement of profit and loss from Continuing Operations (Effective Tax Rate)	**438.93**	**35.39%**	441.96	35.57%

Tax rate considered are as per the tax rates applicable for relevant Assessment Year.

NOTE NO. 28. EARNING PER SHARE

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Profit for the year attributable to owners of the Company	**801.68**	915.33
Weighted average number of equity shares	**1,171,145,230**	1,147,925,600
Earnings per share from continuing operations – Basic & diluted (face value of Rs. 0.20 per share)	**0.07**	0.08

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 & cash equivalent 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.

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Equity	**9,337.66**	3,577.69	2,797.74
Less: Cash and cash equivalents	**220.00**	77.14	14.73
	9,117.66	3,500.55	2,783.01

Categories of financial assets and financial liabilities

(Rs. in Lakh)

Particulars	As at March 31, 2017				As at March 31, 2016				As at April 1, 2015			
	Amortised Costs	FVTPL	FVOCI	Total	Amortised Costs	FVTPL	FVOCI	Total	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets												
Investments	**4,794.46**	–	**855.65**	**5,650.11**	–	–	–	–	–	–	–	–
Trade Receivables	**202.17**	–	–	**202.17**	–	–	–	–	–	–	–	–
Loans	**38.42**	–	–	**38.42**	35.41	–	–	35.41	–	32.63	–	32.63
Current Assets												
Investments	–	**629.54**	–	**629.54**	–	550.69	–	550.69	–	820.81	–	820.81
Trade Receivables	**2,377.48**	–	–	**2,377.48**	2,195.46	–	–	2,195.46	2,481.32	–	–	2,481.32
Cash and cash equivalents	**220.00**	–	–	**220.00**	77.14	–	–	77.14	14.73	–	–	14.73
Bank Balances	**152.15**	–	–	**152.15**	752.00	–	–	752.00	450.00	–	–	450.00
Other Financial Assets	**1.81**	–	–	**1.81**	3.52	–	–	3.52	5.63	–	–	5.63
Current Liabilities												
Trade Payables	**2,415.50**	–	–	**2,415.50**	2,408.69	–	–	2,408.69	2,593.06	–	–	2,593.06
Other Financial Liabilities												
– Non Derivative Financial Liabilities	**2.01**	–	–	**2.01**	9.36	–	–	9.36	8.02	–	–	8.02

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, where appropriate, as a means of mitigating the risk of financial loss from defaults. 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 counterparty limits that are reviewed and approved by the management as and when required. The Company does not have significant credit risk exposure to any single counterparty.

The loss allowance provision is determined as follows:

As at March 31, 2017 (Rs. in Lakh)

Particulars	Not due	Less than 6 months past due	More than 6 months past due	Total
Expected loss rate	**0%**	**0%**	**12%**	**2%**
Gross carrying amount	**736.65**	**1,430.08**	**470.64**	**2,637.37**
Loss allowance provision	–	–	**57.72**	**57.72**

As at March 31, 2016 (Rs. in Lakh)

Particulars	Not due	Less than 6 months past due	More than 6 months past due	Total
Expected loss rate	0%	0%	19%	2%
Gross carrying amount	845.24	1,116.16	289.64	2,251.04
Loss allowance provision	–	–	**55.58**	**55.58**

As at April 1, 2015 (Rs. in Lakh)

Particulars	Not due	Less than 6 months past due	More than 6 months past due	Total
Expected loss rate	0%	0%	38%	3%
Gross carrying amount	1,142.91	1,195.12	229.29	2,567.32
Loss allowance provision	–	–	**86.00**	**86.00**

Reconciliation of loss allowance provision for Trade Receivables

(Rs. in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016
Balance as at beginning of the year	**55.58**	86.00
Impairment losses recognised in the year based on lifetime expected credit losses (Net of Recovery)	**2.14**	(30.42)
Balance at end of the year	**57.72**	55.58

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 Lakh)

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
March 31, 2017				
Non-interest bearing	**2,417.51**	–	–	–
Total	**2,417.51**	–	–	–
March 31, 2016				
Non-interest bearing	2,418.05	–	–	–
Total	**2,418.05**	–	–	–
April 1, 2015				
Non-interest bearing	2,601.08	–	–	–
Total	**2,601.08**	–	–	–

(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 Lakh)

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
March 31, 2017				
Non-interest bearing	**3,267.82**	**202.17**	–	**4,794.46**
Fixed interest rate instruments	**160.89**	–	–	–
Total	**3,428.71**	**202.17**	–	**4,794.46**

(Rs. in Lakh)

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
March 31, 2016				
Non-interest bearing	2,823.30	40.80	–	–
Fixed interest rate instruments	804.10	–	–	–
Total	**3,627.40**	**40.80**	–	–
April 1, 2015				
Non-interest bearing	3,316.85	40.80	–	–
Fixed interest rate instruments	459.79	–	–	–
Total	**3,776.64**	**40.80**	–	–

MARKET RISK

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	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade Receivables	USD	**29,020.38**	7,150.44	12,876.46
	INR (Rupees Lakhs)	**18.70**	4.71	8.11
Advance to Supplier	USD	**10,170.00**	–	–
	INR (Rupees Lakhs)	**6.74**	–	–
Trade Payables	USD	**17,943.90**	21,099.05	16,408.24
	INR (Rupees Lakhs)	**11.72**	14.09	10.35

Of the above foreign currency exposures, the following exposures are not hedged by a derivative:

Particulars	Currency	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade Receivables	USD	**29,020.38**	7,150.44	12,876.46
	INR (Rupees Lakhs)	**18.70**	4.71	8.11
Advance to Supplier	USD	**10,170.00**	–	–
	INR (Rupees Lakhs)	**6.74**	–	–
Trade Payables	USD	**17,943.90**	21,099.05	16,408.24
	INR (Rupees Lakhs)	**11.72**	14.09	10.35

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

(Rs. in Lakh)

For the year ended	Currency	Change in rate	Effect on profit before tax	Effect on pre-tax equity
March 31, 2017	**USD**	**+10%**	**1.37**	**1.37**
	USD	**-10%**	**(1.37)**	**(1.37)**
March 31, 2016	USD	+10%	0.94	0.94
	USD	-10%	(0.94)	(0.94)
April 1, 2015	USD	+10%	0.22	0.22
	USD	-10%	(0.22)	(0.22)

NOTE NO. 30. FAIR VALUE MEASUREMENT

Fair Valuation Techniques and Inputs used - recurring Items

(Rs. in Lakh)

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							
Unquoted equity securities							
1) 0.01% compulsorily convertible preference shares in Resfeber Labs Private limited engaged in providing technology platform for logistics	855.65	–	–	Level 3	Income Approach - In this approach the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees	Long term revenue growth rates, taking into account managements experience and knowledge of market conditions of the specific industries. The terminal value of growth rate is 5%	The estimated fair value would increase (decrease) if: – the terminal value growth rate weighted average cost of capital were higher (lower) in isolation of other factors; (footnote 1 below)
						Weighted average cost of capital (WACC) determined using a capital asset pricing model is 15.71%	The estimated fair value would increase (decrease) if: – the weighted average cost of capital were lower (higher) in isolation of other factors; (footnote 2 below)
2) Mutual fund investments	629.54	550.69	820.81	Level 1	Value published by the respective Asset Management Company which is available in an active market	NA	NA

Footnote 1 : If the long-term revenue growth rates used were 1% higher/lower (i.e. 6%/4%) while all the other variables were held constant the carrying amount of shares would increase by Rs. 116.21/decrease by Rs. 96.51 (as at March 31, 2016: Nil ; as at April 1, 2015: Nil).

Footnote 2 : A 1% increase/decrease in the WACC used, (i.e. 16.71%/14.71%) while holding all other variables constant would decrease/increase the carrying amount of the unquoted equity investments and the contingent consideration by Rs. 135.11 and by Rs. 164.02 respectively (as at March 31, 2016: Nil ; as at April 1, 2015: Nil).

Fair value of financial assets and financial liabilities that are not measured at fair value

(Rs. in Lakh)

Particulars	Level	**As at March 31, 2017**		As at March 31, 2016		As at April 1, 2015	
		Carrying amount	**Fair value**	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets							
Financial assets carried at amortised cost							
Security deposit	Level 3	**38.42**	**40.80**	35.41	40.80	32.63	40.80
Investments	Level 3	**4,794.46**	**4,794.46**	–	–	–	–
Trade receivables	Level 3	**2,579.65**	**2,579.65**	2,195.46	2,195.46	2,481.32	2,481.32
Cash and cash equivalents	Level 1	**220.00**	**220.00**	77.14	77.14	14.73	14.73
Bank balances	Level 1	**152.15**	**152.15**	752.00	752.00	450.00	450.00
Other financial assets	Level 3	**1.81**	**1.81**	3.52	3.52	5.63	5.63
Financial liabilities							
Financial liabilities held at amortised cost							
Trade payables	Level 3	**2,415.50**	**2,415.50**	2,408.69	2,408.69	2,593.06	2,593.06
Other financial liabilities	Level 3	**2.01**	**2.01**	9.36	9.36	8.02	8.02

Note No. 31. Related party transactions

1. Name of related party and nature of relationship where control exists

Nature of Relationship	Name of the related party
Parent Company	Mahindra & Mahindra Limited
Subsidiary	Mahindra Automobile Distributor Private Limited (w.e.f. March 29, 2017)

2. Other parties with whom transactions have taken place during the year

Nature of Relationship	Name of the related party
Fellow Subsidiary	Mahindra Vehicle Manufactures Limited
Fellow Subsidiary	Mahindra Heavy Engines Limited
Fellow Subsidiary	Mahindra Integrated Business Solutions Private Limited
Fellow Subsidiary	Defence Land Systems India Limited
Fellow Subsidiary	Mahindra Holdings Limited
Fellow Subsidiary	Mahindra Logistics Limited
Fellow Subsidiary	Lords Freight (India) Private Limited
Key Management Personnel	Mr. Nalin Mehta, Managing Director

Details of transaction between the Company and its related parties are disclosed below

(Rs. in Lakh)

Name of The Related Party	Nature of transactions	For the year ended March 31, 2017	For the year ended March 31, 2016
Mahindra & Mahindra Limited	Sale of goods	**80.65**	58.29
	Purchase of goods	**420.44**	491.90
	Purchase of Assets	**8.32**	–
	Receiving of services	**1,077.22**	826.83
	Issue of Equity Shares	**5,650.11**	–
	Investment Purchased - Equity Shares	**4,794.46**	–
	Dividend Paid	**573.96**	114.79
	Reimbursements received from parties	**6.44**	–
	Reimbursements made to parties (Note no 2)	**93.98**	84.78
Mahindra Vehicle Manufactures Limited	Purchase of Goods	**420.49**	342.34
Mahindra Heavy Engines Limited	Purchase of Goods	**1,438.79**	1,306.94
Mahindra Integrated Business Solutions Private Limited	Receiving of services	**8.51**	5.69
Defence Land Systems India Limited	Sale of goods	**1.03**	0.86
Mahindra Holdings Limited	Investment Purchased - Preference Shares	**855.65**	–
Mahindra Logistics Limited	Receiving of services	**606.18**	466.89
Lords Freight (India) Private Limited	Receiving of services	**2.43**	2.64
Mr. Nalin Mehta, Managing Director	Short Term benefits - Salary	**9.36**	8.63
	Share based payments	**1.51**	1.00

Details of balances between the Company and its related parties are disclosed below

(Rs. in Lakh)

Name of The Related Party	Nature of Balances	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Mahindra & Mahindra Ltd	Receivables	**556.92**	540.47	367.72
	Payables	**214.40**	198.81	260.54
Mahindra Vehicle Manufactures Limited	Receivables	**–**	2.20	2.20
	Payables	**72.74**	63.05	49.16
Mahindra Heavy Engines Limited	Payables	**112.83**	190.89	83.53
Mahindra Integrated Business Solutions Private Limited	Receivables	**–**	–	0.11
	Payables	**0.66**	0.40	–
Defence Land Systems India Limited	Receivables	**–**	0.57	0.02
Mahindra Logistics Limited	Payables	**43.19**	5.17	2.29
Lords Freight (India) Private Limited	Payables	**0.11**	–	–

Notes:

1. The amount outstanding is unsecured and will be settled in cash. No guarantee has been given or received. No expense has been recognised in current or prior years for bad and doubtful debts in respect of the amounts owed by the related party.
2. Reimbursement of expenses disclosed above includes managerial remuneration of Rs. 10.87 Lakhs (2016: Rs. 9.63 Lakhs).
3. Related party transactions for the period are at arm’s length.

Note no. 32. Employee benefits

(a) Defined Contribution Plan

The Company makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 6.02 Lakhs (2016: Rs. 5.47 Lakhs) for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

(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:

1) Liability Risks

a. Asset-Liability Mismatch Risk-

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the company is successfully able to neutralize valuation wings caused by interest rate movements. Hence, companies are encouraged to adopt asset-liability management.

b. Discount Rate Risk-

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practise can have a significant impact on the defined benefit liabilities.

c. Future Salary Escalation and Inflation Risk-

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

2) Asset Risks

All plan assets are maintained in a trust fund managed by a public sector insurer viz; LIC of India.LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years.

The company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The company has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claims settlement and hence 100% liquidity is ensured. Also, interest rate and inflation risk are taken care of.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation as at March 31, 2017	Valuation as at March 31, 2016
Discount rate(s)	**7.50%**	8.00%
Expected rate(s) of salary increase	**10.00%**	10.00%

Defined benefit plans – as per actuarial valuation on March 31, 2017

(Rs. in Lakh)

Particulars		**Funded Plan Gratuity March 31, 2017**	Funded Plan Gratuity March 31, 2016
Ia.	**Expense recognised in the Statement of Profit and Loss for the year:**	**3.08**	4.49
1.	Current service cost	**2.80**	3.76
2.	Past Service Credit	**–**	–
3.	Interest cost	**0.28**	0.73
Ib.	**Included in other Comprehensive Income**	**1.54**	(4.25)
1.	Return on plan assets	**–**	–
2.	Actuarial (Gain)/Loss on account of :	**1.54**	(4.25)
–	Demographic Assumptions	**–**	–
–	Financial Assumptions	**5.19**	(0.29)
–	Experience Adjustments	**(3.65)**	(3.96)
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:			
a.	Service Cost:		
	Current Service Cost	**2.80**	3.76
	Past service cost and (gains)/losses from settlements	**–**	–
	Net interest expense	**0.28**	0.73
	Components of defined benefit costs recognised in profit or loss	**3.08**	4.49
b.	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	**5.19**	(0.29)
	Actuarial gains and loss arising form experience adjustments	**(3.65)**	(3.96)
	Components of defined benefit costs recognised in other comprehensive income	**1.54**	(4.25)
	Total	**4.62**	0.24
I.	**Net Asset/(Liability) recognised in the Balance Sheet as at year end**	**(7.17)**	(4.56)
1.	Present value of defined benefit obligation as at year end	**19.52**	14.06
2.	Fair value of plan assets as at year end	**12.35**	9.50
3.	Surplus/(Deficit)	**(7.17)**	(4.56)
4.	Current portion of the above	**7.17**	4.56
5.	Non current portion of the above	**12.35**	9.50
II.	**Change in the obligation during the year ended**		
1.	Present value of defined benefit obligation at the beginning of the year	**14.06**	14.57
2.	Add/(Less) on account of Scheme of Arrangement/Business Transfer	**–**	–
3.	Expenses Recognised in Statement of Profit and Loss		
	– Current Service Cost	**2.80**	3.76
	– Past Service Cost	**–**	–
	– Interest Expense (Income)	**1.13**	1.09
4.	Recognised in Other Comprehensive Income		
	Remeasurement on obligations of - gains/(losses)	**1.53**	(4.07)
5.	Benefit payments	**–**	(1.28)
6.	**Present value of defined benefit obligation at the end of the year**	**19.52**	14.06

(Rs. in Lakh)

Particulars			Funded Plan Gratuity March 31, 2017	Funded Plan Gratuity March 31, 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	9.50	0.12
	2.	Add/(Less) on account of Scheme of Arrangement/Business Transfer	–	–
	3.	Expenses Recognised in Statement of Profit and Loss		
		– Expected return on plan assets	0.85	0.35
	4.	Recognised in Other Comprehensive Income		
		Remeasurement gains/(losses)		
		– Actual Return on plan assets in excess of the expected return	(0.02)	0.18
	5.	Contributions by employer (including benefit payments recoverable)	2.02	8.85
	6.	Benefit payments	–	–
	7.	Fair value of plan assets at the end of the year	12.35	9.50
IV.	The Major categories of plan assets			
	Fund managed by insurer		100.00%	100.00%
V.	Actuarial assumptions			
	1.	Discount rate	7.50%	8.00%
	2.	Expected rate of return on plan assets	8.00%	7.80%
	3.	Attrition rate	7.00%	7.00%
	4.	Medical premium inflation	NA	NA

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

(Rs. in Lakh)

		March 31, 2017		March 31, 2016	
		Impact on defined benefit obligation		Impact on defined benefit obligation	
Principal assumption	Changes in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate	-1.00%		21.95		15.80
	1.00%	17.46		12.59	
Salary growth rate	-1.00%		17.65		12.72
	1.00%	21.67		15.61	
Withdrawal rate	-1.00%		20.05		14.40
	1.00%	19.05		13.76	

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 and 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. 7 Lacs to the gratuity trusts during the next financial year of 2018.

Mortality : It is assumed that the active members of the scheme will experience in-service mortality in accordance with the Indian Assured Lives Mortality (2006-08) ultimate (IALM ult). A sample pick from this table is given below:

Age	Mortality rate
21	0.000919
22	0.000943
23	0.000961
24	0.000974
25	0.000984

Age of the members at the valuation date is taken as their nearest age at that date.

Maturity profile of defined benefit obligation:

Particulars	March 31, 2017	March 31, 2016
Within 1 year	1.05	0.80
1 - 2 year	1.27	0.99
2 - 3 year	1.55	1.18
3 - 4 year	1.81	1.43
4 - 5 year	2.11	1.66
5 - 10 years	16.02	12.94

Plan Assets

The fair value of Company's pension plan asset as of March 31, 2016 is as follows:

Particulars	March 31, 2017	March 31, 2016
Asset category:		
Cash and cash equivalents	0%	0%
Debt instruments (quoted)	0%	0%
Debt instruments (unquoted)	0%	0%
Equity instruments (quoted)	0%	0%
Deposits with Insurance companies	100%	100%
Total	100%	100%

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. 33. 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 Lakh)

Particulars	March 31, 2016	April 1, 2015
Equity* as reported under previous GAAP	2,886.78	2,645.99
Ind AS: Adjustments increase (decrease):		
Opening impact of April 1, 2015 carried forward to current year	151.75	–
Dividends not recognised as liability until approved in shareholders meeting	690.81	138.16
Deferred income tax	(6.84)	(6.71)
Retained earnings - Discounting of Security Deposit	(0.02)	(0.51)
Retained earnings - Mutual Fund carried at FVTPL	(6.63)	20.81
Dividend payout	(138.16)	–
Equity as reported under IND AS	3,577.69	2,797.74

* Equity comprises of share capital and reserves

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

(Rs. in Lakh)

Particulars		March 31,2016
Profit as per previous GAAP		931.60
Ind AS: Adjustments increase (decrease):		
Ind AS Adjustments:		
(i)	Interest income on security deposit	2.78
(ii)	Investment income recognised on transition date reversed on disposal	(20.12)
(iii)	Prepaid rent on security deposits	(2.80)
(iv)	Deferred tax	6.65
(v)	Re-classification of actuarial gain	(2.78)
Total adjustment to profit or loss		(16.27)
Profit under Ind AS		915.33
Other comprehensive income		2.78
Total comprehensive income under Ind ASs		918.11

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

(Rs. in Lakh)

Particulars	Year ended March 31, 2016 Previous GAAP	Ind AS Adjustments	Ind AS
Net cash flows from operating activities	166.64	–	166.64
Net cash flows from investing activities	33.93	–	33.93
Net cash flows from financing activities	(138.16)	–	(138.16)
Net increase (decrease) in cash and cash equivalents	62.41	–	62.41
Cash and cash equivalents at beginning of period	14.73	–	14.73
Effects of exchange rate changes on the balance of cash held in foreign currencies	–	–	
Cash and cash equivalents at end of period	77.14	–	77.14

NOTE NO. 34. SEGMENT REPORTING

The Company has single reportable business segment namely Automotive vehicles-related spare parts. All other activities of the Company revolve around its main business. Hence there are no separate reportable primary segments. The Company deals into trading of Spare parts. The Company has only one reportable geographical segment.

The Company's revenue from continuing operations from external customers by location of operations are detailed below:

(Rs. in Lakh)

Geographic information	For the year ended March 31, 2017	For the year ended March 31, 2016
Revenue from external customers		
India	**12,761.38**	10,891.46
Outside India	**311.22**	140.30
Total revenue per statement of profit or loss	**13,072.60**	11,031.76

All the non-current assets of the Company are located in India.

Revenue from major products and services

The following is an analysis of the company's revenue from its major products and services:

(Rs. in Lakh)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Sale of spares	**13,072.60**	11,031.76
Total	**13,072.60**	11,031.76

Revenues from transactions with a single external customer does not amounts to 10% or more of a Company's revenues during the year.

Since there is single segment there is no difference in measurement of profit & loss and measurement of assets and liabilities.

NOTE NO. 35. LEASES

(Rs. in Lakh)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Operating Lease		
The Company has entered into operating lease arrangements for warehouse facilities at Vadgaon. The leases are non-cancellable and are for a period of two to five years and may be renewed for a further period of two to five years based on mutual agreement of the parties. The lease agreements provide for an increase in the lease payments by 5% after each term of 12 months.		
Future Non-Cancellable minimum lease commitments		
not later than one year	–	24.68
later than one year and not later than five years	–	–
later than five years	–	–
Expenses recognised in the Statement of Profit and Loss		
Minimum Lease Payments	**253.33**	161.94

NOTE NO. 36. ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

(Rs. in Lakh)

Particulars		As at March 31, 2017	As at March 31, 2016
(i)	Principal amount remaining unpaid to MSME suppliers as at the end of the accounting year	**29.08**	57.78
(ii)	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	**0.04**	0.03
(iii)	The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	**2.51**	6.02
(iv)	The amount of interest due and payable for the year	**1.64**	2.48
(v)	The amount of interest accrued and remaining unpaid at the end of the accounting year	**1.64**	2.51
(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. 37. DETAILS OF SPECIFIED BANK NOTES (SBN) HELD AND TRANSACTED DURING THE PERIOD NOVEMBER 8, 2016 TO DECEMBER 30, 2016

The Company has no cash transactions and hence disclosure about the details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 pursuant to the requirement of Notification G.S.R 308(E) dated 30th March 2017 is not applicable.

NOTE NO. 38. PARTICULARS OF LOAN GIVEN/INVESTMENTS MADE/ GUARANTEES GIVEN, AS REQUIRED BY CLAUSE (4) OF SECTION 186 OF THE COMPANIES ACT, 2013

(Rs. in Lakh)

Name		During the year	Closing balance
Investments made			
1.	Investment in 740000 equity shares of Mahindra Automobile Distributors Private Limited of Rs. 10 each.	4,794.46	**4,794.46**
2.	Investment in 68000 0.01% Cumulative Convertible Preference Shares of Resfeber Labs Private Limited of Rs. 100 each.	855.65	**855.65**

NOTE NO. 39. Pursuant to section 135 of the Companies Act, 2013 read with the Companies (Corporate Social responsibility) Rules, 2014, Gross amount required to be spent by the company during the year Rs. 15.39 Lakhs (2016: Rs. NIL). However, the Company has spend Rs. 16.08 Lakhs (2016: Rs. NIL) for Corporate Social responsibility during the year as under

(Rs. in Lakh)

Particulars	In cash/cheque	Yet to be paid in cash/cheque	Total
On Purpose other than Construction/acquisition of any assets	16.08	–	16.08
	(–)	(–)	(–)

NOTE NO. 40. PROVISION FOR WARRANTY:

(Rs. in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016
Carrying Amount at the beginning of the year	**38.99**	28.87
Add: Additional Provision made during the year (net of reversal)	**66.87**	47.15
Less: Amounts Used during the year	**(47.27)**	(37.03)
Carrying Amounts at the end of the year	**58.59**	38.99

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

Provision for warranty relates to provision made in respect of certain products, the estimated costs of which is accrued at the time of sale. The products are generally covered under warranty period ranging upto 6 months or 20,000 kms. from the date of fitment, which ever is earlier.

In respect of warranties given by the Company on sale of certain products, the estimated costs of these warranties are accrued at the time of sale on the basis of technical estimate. These estimates are established using historical information on the nature, frequency and average cost of warranty claims.

The estimate for accounting of warranty are reviewed and revisions are made as required.

NOTE NO. 41. PROVISION FOR LOSS ON SALES RETURN

(Rs. in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016
Carrying Amount at the beginning of the year	–	328.68
Add: Additional Provision made during the year	–	–
Less: Amounts Used/reversed during the year	–	(328.68)
Carrying Amounts at the end of the year	–	–

NOTE NO. 42. AUDITORS' REMUNERATION

(Rs. in Lakh)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Audit fees	**9.89**	9.16
Other services	**2.19**	1.73
Out of pocket expenses reimbursed	**0.12**	0.10
Total	**12.20**	10.99

NOTE NO. 43. COMMISSION TO INDEPENDENT DIRECTORS

Miscellaneous Expenses include Rs. 6.90 Lakhs (2016: Rs. 6.90 lakhs) payable as Commission to Independent Directors subject to the approval of the shareholders at the Annual General Meeting.

NOTE NO. 44. EVENTS AFTER THE REPORTING PERIOD

Following are the material events occurred after the balance sheet date but before the approval of financial statements by board of directors.

Event 1: Board of Directors of company have proposed dividend of Rs. 480.38 Lakhs i.e Rs. 0.012 per share for financial year 2016-17 to the shareholders. Tax on proposed dividend amounts to Rs. 97.80 Lakhs. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed equity dividend is payable to all holders of fully paid equity shares.

Event 2: Annual accounts were approved on April 27, 2017 by the board of directors.

NOTE NO. 45. EARNINGS IN FOREIGN EXCHANGE

(Rs. in Lakh)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
FOB Value of exports	**46.73**	33.00
Total	**46.73**	33.00

NOTE NO. 46. EMPLOYEE STOCK OPTION

Certain employees of the Company are covered by Employee Stock Option Scheme (ESOP scheme) offered by holding Company, Mahindra & Mahindra Limited. Under the scheme, eligible employees are granted an option to purchase shares of Mahindra & Mahindra Limited, in accordance with the terms and conditions of the scheme. The Company recognises this scheme as an equity settled share based payments arrangement in accordance with IND AS 102 - Share Based Payment. Options granted under Parent's ESOP scheme vests in 4/5 instalments on expiry of 12 months, 24 months, 36 months, 48 months and 60 months from the date of grant. The options may be exercised subject to condition of minimum number of option vesting, on specified day over a period of 4/5 years from the date of vesting. Such ESOP expense in respect of employees of the Company is charged by the holding Company over the vesting period. The charge is based on fair value of options calculated using Black and Scholes Option Pricing Model. The fair value charge is recognised as share based payment expenses under Employee Benefit Expenses.

NOTE NO. 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 the Board of DIrectors

Mr Nalin Mehta	**Mr Bharat Moossaddee**
Managing Director	Director
Mr Arun Mishra	**Mr SuryaKant Laxman Khare**
Chief Financial Officer	Company Secretary

Place: Mumbai
Date: April 27, 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

(Information in respect of each subsidiary to be presented with amounts in Rs in Lakhs.)

Sl. No.	Particulars	Details
1.	Name of the subsidiary	Mahindra Automobile Distributor Private Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA
4.	Share capital	100.00
5.	Reserves & surplus	2,153.04
6.	Total assets	3,221.06
7.	Total Liabilities	968.02
8.	Investments	994.42
9.	Turnover	7,428.36
10.	Profit before taxation	2,036.70
11.	Provision for taxation	685.22
12.	Profit after taxation	1,351.48
13.	Proposed Dividend	112.20 per share
14.	% of shareholding	74%

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

1. Names of subsidiaries which are yet to commence operations
2. Names of subsidiaries which have been liquidated or sold during the year.

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures – N. A.

For and on behalf of the Board of Directors

Mr Nalin Mehta
Managing Director

Mr Bharat Moossaddee
Director

Mr Arun Mishra
Chief Financial Officer

Mr SuryaKant Laxman Khare
Company Secretary

Place: Mumbai
Date: April 27, 2017

DIRECTORS' REPORT

Your Directors present their Report together with the audited accounts of your company for the year ended 31st March 2017.

Financial Highlights:

	F17 (USD)	F17 (INR)
Revenues	3,815,000	247,517,200
Income (loss) before income tax	(6,441,111)	(417,899,282)
Net Income (loss)	(3,960,082)	(256,930,120)

The Company was incorporated in the state of Delaware on 18th December, 2013 and is licensed to do the business in Michigan.

The Financial Statement as at March 31st, 2017 (F17) reports Revenues of USD 3,815,000 (INR 247,517,200) with a net loss of USD 3,960,082 (INR 256,930,120).

Performance during the year:

During the year, the Company was working on supply of prototype vehicles for which it received milestone based payment and incurred part of the total cost towards these prototype.

The design and engineering activity of prototype vehicles is carried out by a US branch of Mahindra Vehicle Manufacturers Ltd. (MVML)

Future Prospects:

In addition to supply of prototype vehicles, the company is currently evaluating various business opportunities & will take steps for implementation at appropriate time.

Directors:

Rajan Wadhera
Bharat Moossaddee
Richard Hass

For and behalf of the Board

Rajan Wadhera
Chairman

Date: 04th May 2017

REPORT OF INDEPENDENT ACCOUNTANTS

Board of Directors
Mahindra North America Technical Center, Inc.

We have audited the accompanying balance sheets of Mahindra North America Technical Center, Inc. ('the Company') as of March 31, 2017 and March 31, 2016, and the related statements of income, stockholder's equity and cash flows for the years ended on March 31, 2017 and March 31, 2016. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of the Company as of March 31, 2017 and March 31, 2016, and the results of its operations and cash flows for the years then ended, in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of matters

The presentation of financial information in Indian rupees in the financial statements is not a required part of the basic financial statements. We have verified the arithmetic accuracy of the presentation based upon exchange rate provided by the Company's management. We did not audit and do not express an opinion on such information, and our opinion is not modified with respect to this matter.

KNAV P.A.
Atlanta, Georgia
April 26, 2017

BALANCE SHEETS

	USD		INR	
	As at March 31		As at March 31	
	2017	2016	**2017**	2016
ASSETS				
Current assets				
Cash & cash equivalents	**582,502**	82,941	**37,792,730**	5,381,212
Intercompany receivable, others	**–**	1,256,881	**–**	81,546,439
Other receivables	**2,180,000**	319,000	**141,438,400**	20,696,720
Prepaid expenses	**37,767**	–	**2,450,323**	–
Deferred tax asset	**–**	197,679	**–**	12,825,414
Total current assets	**2,800,269**	1,856,501	**181,681,453**	120,449,785
Deferred tax asset, non-current	**2,930,424**	238,875	**190,125,909**	15,498,210
Total assets	**5,730,693**	2,095,376	**371,807,362**	135,947,995
LIABILITIES AND STOCKHOLDER'S EQUITY				
Current liabilities				
Trade payables	**2,348,830**	–	**152,392,090**	–
Accrued expenses	**91,800**	60,000	**5,955,984**	3,892,800
Intercompany payable, due to affiliate	**5,201,928**	–	**337,501,089**	–
Deferred tax liability	**12,841**	–	**833,124**	–
Total current liabilities	**7,655,399**	60,000	**496,682,287**	3,892,800
Stockholder's equity (deficit)				
Common stock, $ 0.10 par value 100,000 shares authorized 1,000 shares issued and outstanding	**100**	100	**6,488**	6,488
Additional paid in capital	**9,900**	9,900	**642,312**	642,312
Retained earnings	**(1,934,706)**	2,025,376	**(125,523,725)**	131,406,395
Total stockholder's equity (deficit)	**(1,924,706)**	2,035,376	**(124,874,925)**	132,055,195
Total liabilities and stockholder's equity	**5,730,693**	2,095,376	**371,807,362**	135,947,995

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF INCOME

	USD		INR	
	Year ended March 31		Year ended March 31	
	2017	2016	**2017**	2016
Operating revenues	**3,815,000**	–	**247,517,200**	–
Cost of revenue	**10,048,566**	–	**651,950,962**	–
Gross loss	**(6,233,566)**	–	**(404,433,762)**	–
Administrative expenses	**207,545**	100,281	**13,465,520**	6,506,231
Interest expense, net	**–**	10,166	**–**	659,570
Total costs and expenses	**207,545**	110,447	**13,465,520**	7,165,801
Operating loss	**(6,441,111)**	(110,447)	**(417,899,282)**	(7,165,801)
Gain on sale of assets	**–**	96,463	**–**	6,258,519
Loss before income taxes	**(6,441,111)**	(13,984)	**(417,899,282)**	(907,282)
Income tax benefit	**(2,481,029)**	(419,067)	**(160,969,162)**	(27,189,067)
Net income (loss)	**(3,960,082)**	405,083	**(256,930,120)**	26,281,785

(The accompanying notes are an integral part of these financial statements)

STATEMENT OF STOCKHOLDER'S EQUITY

(All amounts are stated in USD, except number of shares or unless otherwise stated)

	Common stock						
	Authorized		Issued & outstanding		Additional paid in capital	Retained earnings	Total stockholder's equity
Particulars	**Shares**	**Value**	**Shares***	**Value**			
Balance as on April 1, 2015	100,000	10,000	1,000	100	9,900	1,620,293	1,630,293
Net income for the year	–	–	–	–	–	405,083	405,083
Balance as at March 31, 2016	100,000	$10,000	1,000	$100	$9,900	$ 2,025,376	$ 2,035,376
Balance as on April 01, 2016	100,000	10,000	1,000	100	9,900	2,025,376	2,035,376
Net loss for the year	–	–	–	–	–	(3,960,082)	(3,960,082)
Balance as at March 31, 2017	**100,000**	**$10,000**	**1,000**	**$100**	**$9,900**	**($1,934,706)**	**($1,924,706)**

(All amounts are stated in INR, except number of shares or unless otherwise stated)

	Common stock						
	Authorized		Issued & outstanding		Additional paid in capital	Retained earnings	Total stockholder's equity
Particulars	**Shares**	**Value**	**Shares***	**Value**			
Balance as on April 1, 2015	100,000	648,800	1,000	6,488	642,312	105,124,610	105,773,410
Net income for the year	–	–	–	–	–	26,281,785	26,281,785
Balance as at March 31, 2016	100,000	648,800	1,000	6,488	642,312	131,406,395	132,055,195
Balance as on April 01, 2016	100,000	648,800	1,000	6,488	642,312	131,406,395	132,055,195
Net loss for the year	–	–	–	–	–	(256,930,120)	(256,930,120)
Balance as at March 31, 2017	**100,000**	**648,800**	**1,000**	**6,488**	**642,312**	**(125,523,725)**	**(124,874,925)**

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF CASH FLOWS

	USD		INR	
	Year ended March 31		Year ended March 31	
	2017	2016	**2017**	2016
Cash flow from operating activities				
Net income (loss)	**(3,960,082)**	405,083	**(256,930,120)**	26,281,785
Adjustments to reconcile net income (loss) to net cash from operating activities				
Depreciation	**–**	–	**–**	–
Deferred taxes	**(2,481,029)**	(100,067)	**(160,969,162)**	(6,492,347)
Gain on sale of assets	**–**	(96,463)	**–**	(6,258,519)
Changes in assets and liabilities				
Intercompany receivable, others	**1,256,881**	(1,256,881)	**81,546,439**	(81,546,439)
Other receivables	**(1,861,000)**	(319,000)	**(120,741,680)**	(20,696,720)
Prepaid expenses	**(37,767)**	–	**(2,450,323)**	–
Intercompany payable, affiliate	**5,201,928**	–	**337,501,089**	–
Accounts payable	**2,348,830**	–	**152,392,090**	–
Accrued liabilities	**31,800**	(156,731)	**2,063,185**	(10,168,707)
Net cash provided by (used in) operating activities	**499,561**	(1,524,059)	**32,411,518**	(98,880,947)
Cash flow from investing activities				
Proceeds from sale of assets	**–**	2,907,000	**–**	188,606,159
Net cash provided by investing activities	**–**	2,907,000	**–**	188,606,159
Cash flow from financing activities				
Bank notes repaid	**–**	(1,300,000)	**–**	(84,344,000)
Net cash used in financing activities	**–**	(1,300,000)	**–**	(84,344,000)
Net decrease in cash and cash equivalents	**499,561**	82,941	**32,411,518**	5,381,212
Cash transferred as a part of business sale	**–**	(90,296)	**–**	(5,858,404)
Cash and cash equivalents at the beginning	**82,941**	90,296	**5,381,212**	5,858,404
Cash and cash equivalents at the end	**582,502**	82,941	**37,792,730**	5,381,212
Supplemental cash flow information				
Income taxes paid	**–**	246,819	**–**	16,013,617
Interest paid	**–**	10,166	**–**	659,570

(The accompanying notes are an integral part of these financial statements)

NOTES TO FINANCIAL STATEMENTS

NOTE A – ORGANIZATION AND NATURE OF OPERATIONS

Mahindra North American Technical Center, Inc. (hereinafter referred to as "the Company") was incorporated in the state of Delaware on December 18, 2013 and is a wholly owned subsidiary of Mahindra USA, Inc. ("MUSA"). Both, the Company and MUSA are consolidated subsidiaries of Mahindra and Mahindra, Ltd. ("M&M"). The Company engineers, designs, develops, assembles and delivers parts and vehicles to the automotive market, both for on and off road use, as an Original Equipment Manufacturer ("OEM").

NOTE B – OPERATIONAL RESTRUCTURING

On April 1, 2015, the Company completed the separation of its automotive prototype engineering, design and development business with M&M via an asset sale to the U.S. branch of Mahindra Vehicle Manufacturers Limited ("MVML"), a subsidiary of M&M. Later that year, on October 16, 2015, the United States Postal Service ("USPS") issued solicitation number 3D-16-A-007 for the development of Next Generation Delivery Vehicle ("NGDV") prototypes. The Company responded to that solicitation on February 5, 2016.

On June 10, 2016, the Company concluded negotiations with the United States Postal Service and submitted a firm quote to develop fourteen (14) vehicle prototypes to include six (6) automatic transmission gasoline powered vehicles, six (6) automatic transmission mild hybrid vehicles and two (2) automatic transmission gasoline powered vehicles with start stop engine capabilities. On September 14, 2016, the Company was awarded a milestone payment contract totaling $10,900,000 as one of six participants to develop the NGDV prototypes. The final NGDV program solicitation, to manufacture up to 180,000 NGDV(s) for the USPS, is yet to be awarded to one or more of the six participants chosen for the prototype development competition.

As part of its performance on the USPS NGDV prototype development contract, the Company sub-contracted with the U.S. branch of MVML to provide the designs and engineering services for the vehicle. Additionally, sub-contracts have been made with other U.S. and India based tooling and parts suppliers.

On February 10, 2017, the Board of Directors of M&M voted to establish a new U.S. corporation called Mahindra Automotive North America, Inc. ("MANA"). The Board of Directors of M&M approved the investment of $17 million along with lines of credit of $10 million.

MANA was incorporated on March 27, 2017 to hold the Company as well as other companies that will engage in the design, development and manufacturing of automotive products in North America.

NOTE C – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are detailed below:

1. **Basis of preparation**

   a. The accompanying financial statements are prepared on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States of America ("US GAAP") to reflect the financial position, results of operation and cash flows of the Company.

   b. The financial statements are for the years ended March 31, 2017 and March 31, 2016.

   c. Financial information in this report is shown in U.S. dollars ("USD") and in Indian rupees ("INR"). For the years ended March 31, 2017 and March 31, 2016, dollar amounts are translated for convenience into Indian rupees at an exchange rate of 64.88 INR per dollar, which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India on March 31, 2017. Within the notes to the financial statements, Indian rupee amounts are shown parenthetically following the U.S. dollar amounts.

   d. Certain reclassifications, regroupings and reworking have been made in the financial statements of prior year to conform to the classifications used in the current year. These changes had no impact on previously reported (net income or stockholder's equity / net loss or stockholder's deficit).

2. **Use of estimates**

   Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. **Operating leases**

   Lease rent expenses on operating leases are charged to expense over the lease term. Certain operating lease agreements provide for scheduled rent increases over the lease term. Rent expense for such leases is recognized on a straight-line basis over the lease term.

4. **Cash and cash equivalents**

   The Company considers all highly liquid investments with a maturity of twelve months or less when purchased to be cash equivalents.

5. **Income taxes**

   Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due, plus deferred taxes related primarily to differences between the basis of certain assets and liabilities for financial and tax reporting. The deferred taxes represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled, respectively.

   The Company has determined whether any tax positions have met the recognition threshold and has measured the Company's exposure to those tax provisions. Management believes that the Company has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state taxing authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties from federal and state taxing authorities were recorded in the accompanying financial statements.

6. **Revenue recognition**

   During the current year, revenues from contracts were recognized when milestones are achieved. Anticipated losses on contracts are recorded when determinable.

7. **Going concern**

   The management has reviewed the Company's budget and outline projections including working capital requirements. Following the review and at the time of approving these financial statements, the management considers that the Company has sufficient resources available from internal accruals and financial support from its parent company to continue operating for the foreseeable future. For these reasons the management continues to prepare the financial statements on a going concern basis.

8. **Commitments and contingencies**

   Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

NOTE D – CASH AND CASH EQUIVALENTS

The cash and cash equivalents of the Company comprise of:

	USD		**INR**	
	As at March 31		**As at March 31**	
Particulars	**2017**	2016	**2017**	2016
Bank balances	**582,502**	82,941	**37,792,730**	5,381,212
Total	**582,502**	82,941	**37,792,730**	5,381,212

Bank balances on operating and checking accounts with the bank are insured by the Federal Deposit Insurance Corporation up to an aggregate of USD 250,000 (INR: 16,220,000) (March 31, 2016: USD 250,000 (INR 16,220,000)).

NOTE E – PREPAID EXPENSES

	USD		INR	
	As at March 31		As at March 31	
Particulars	**2017**	2016	**2017**	2016
Prepaid insurance	**37,767**	–	**2,450,323**	–
Total	**37,767**	–	**2,450,323**	–

NOTE F – ACCRUED EXPENSES

	USD		INR	
	Year ended March 31		Year ended March 31	
Particulars	**2017**	2016	**2017**	2016
Accrued accounts payable	**–**	60,000	**–**	3,892,800
Accrued payroll	**84,800**	–	**5,501,824**	–
Others	**7,000**	–	**454,160**	–
Total	**91,800**	60,000	**5,955,984**	3,892,800

NOTE G – COMMITMENTS

On April 1, 2015, the Company assigned all of its rights and obligations to MVML in regard to all lease contracts that the Company had negotiated prior to the asset purchase agreement with MVML.

NOTE H – INCOME TAXES

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The Company is subject to taxation in the United States and the State of Michigan. The provision for income tax (benefit) expense is as follows:

	USD		INR	
	Year ended March 31		Year ended March 31	
Particulars	**2017**	2016	**2017**	2016
Current tax benefit	**–**	(319,000)	**–**	(20,696,720)
Deferred tax benefit	**(2,481,029)**	(100,067)	**(160,969,162)**	(6,492,347)
Provision for income taxes	**(2,481,029)**	(419,067)	**(160,969,162)**	(27,189,067)

In accordance with Financial Accounting Standard Board Accounting Standard Codification 740-10-45-6, the Company presents a single amount for current and a single amount for non-current deferred tax liabilities and assets. The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities and a description of the items that create such differences is as follows:

	USD		INR	
	Year ended March 31		Year ended March 31	
Particulars	**2017**	2016	**2017**	2016
Current deferred tax asset				
Net operating losses	**–**	197,679	**–**	12,825,414
Total	**–**	197,679	**–**	12,825,414
Non-current deferred tax asset				
Net operating loss carry forward	**2,400,498**	–	**155,744,310**	–
Research & development credit	**285,995**	238,875	**18,555,356**	15,498,210
MI State net operating loss	**243,931**	–	**15,826,243**	–
Total	**2,930,424**	238,875	**190,125,909**	15,498,210
Current deferred tax liabilities				
Prepaid expenses	**(12,841)**	–	**(833,124)**	–
Total	**(12,841)**	–	**(833,124)**	–
Net deferred tax asset (liability)	**2,917,583**	436,554	**189,292,785**	28,323,624

Under the U.S. & India tax treaty, Indian withholding taxes levied on the engineering services provided to M&M are treated as being creditable against U.S. income taxes. The total India withholding tax expense for the year ended March 31, 2017 and March 31, 2016 is nil. Therefore, a valuation allowance amounting to USD 1,206,071 (INR: 78,249,886) at March 31, 2017 and March 31, 2016, has been placed on the foreign tax credit deferred tax assets as it is not more-likely-than-not to be utilized prior to the credit expiration.

In assessing the realization of deferred tax assets, the likelihood of whether it is more likely than not that some portion or all of the deferred tax assets will not be realized must be considered. The ultimate realization of deferred tax assets is dependent on the generation of future taxable income during the periods in which temporary difference become deductible. Management considers the projected future taxable income and tax planning strategies in making this assessment. Based on the level of projections for future taxable income for which the deferred tax assets are deductible, the management believes there exists reasonable certainty regarding the realization of deferred tax assets on the net operating losses and research & development credit.

The Company recognizes the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. The adoption of this standard had no material effect on the Company's financial position, results of operation or cash flows.

The tax years 2014 to 2016 remain subject to examination by the taxing authorities.

NOTE I – RELATED PARTY TRANSACTIONS

As mentioned in Note A, the Company is a wholly owned subsidiary of MUSA and had an agreement with M&M whereby the Company agreed to supply highly skilled engineering and design services to develop drivable concept prototype automobiles in accordance with the requirements established in agreements entered into between the Company and the customer.

The Company on April 1, 2015, via the asset purchase agreement with MVML, sold and assigned all of its operating assets, liabilities and business commitments for USD 2,907,000 (INR 188,606,160).

Name of related party and nature of relationship:

No.	Name of the party	Nature of relationship
1	Mahindra & Mahindra Limited	Ultimate parent company
2	Mahindra USA, Inc.	Parent company
3	Mahindra Vehicles Manufactures Limited – US Branch	Affiliate company

The balance related party payable/receivable and transactions during the years are as follows:

	USD		INR	
	March 31		March 31	
Particulars	**2017**	2016	**2017**	2016
Transactions during the year				
Mahindra Vehicle Manufacturers Limited – US branch				
Sale of assets	**–**	2,907,000	**–**	188,606,160
Expense incurred	**152,879**	2,006,856	**9,918,790**	130,204,817
Reimbursement of expenses	**1,256,881**	749,975	**81,546,439**	48,658,378

	USD		INR	
	March 31		March 31	
Particulars	**2017**	2016	**2017**	2016
Services received	**5,649,049**	–	**366,510,299**	–
Payment for service received	**600,000**	–	**38,928,000**	–
<u>Balances at the end of the year</u>				
Mahindra Vehicle Manufacturers Limited – US branch				
Business assets transaction receivable	**–**	1,256,881	**–**	81,546,439
Intercompany payable	**5,201,928**	–	**337,501,089**	–

NOTE J – RISK AND UNCERTAINTIES

The Company's future results of operations involve several risks and uncertainties.

Factors that could affect the Company's future operating results and cause actual results to vary materially from expectations include, competitive factors, including but not limited to pricing pressures; deterioration in general economic conditions; the Company's ability to effectively manage operating costs and increase operating efficiencies; declines in revenues; technological and market changes; the ability to attract and retain qualified employees and the Company's ability to execute on its business plan.

NOTE K – SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 26, 2017 which is the date the financial statements were issued.

The Board of Directors of MANA met on April 13, 2017 and approved the purchase of MNATC, Inc. from MUSA (also refer Note B).

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their tenth 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

(Rupees in lakh)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Income	**72,224.09**	44,102.22
Profit/(Loss) before Interest and Depreciation	**6,754.78**	1,982.98
Less: Interest	**1,332.37**	1,506.09
Depreciation	**2,680.39**	2,663.01
Profit/(Loss) before exceptional item	**2,742.02**	(2,186.12)
Exceptional Item - Profit on Sale of Fixed asset (Net)	**–**	–
Profit/(Loss) for the year	**2,742.02**	(2,186.12)
Balance of Profit/(Loss)	**(33,166.35)**	(30,980.23)
Less: Transitional depreciation adjustment to reserves	**–**	–
Balance carried forward	**(30,424.33)**	(33,166.35)
Net Worth	**33,001.61**	21,651.46

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 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 2016-17 till the date of this Report, which would affect the financial position of the Company.

Operations

The year under review was the sixth year of full-fledged commercial operations for your Company. "On-Highway" & "Off-highway" volumes increased by 4.6% and 20.1% respectively. Cost control initiatives rolled out by the Company helped inculcate a frugal mindset across the organization, resulting in savings in fixed costs. The Company continued its focus on lean management and has endeavored to utilize its assets better. The Company enjoyed healthy industrial relations and continued its efforts to develop its manpower.

Dividend

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

Share Capital

During the year under review, your Company allotted 8,60,00,000 equity shares of Rs. 10 each on Rights basis, pursuant to which the issued, subscribed and paid up capital of your Company stood increased to Rs. 634,40,00,000 (Rupees Six Hundred Thirty Four Crore Forty Lakh) as at the last date of the year under review.

Board of Directors

Names of Directors	Directors' Identification Number	Category
Mr. Rajan Wadhera (Chairman)	00416429	Non – Executive Non – Independent
Mr. Bharat Moossaddee	02166403	Non – Executive Non – Independent
Mr. Nalin Mehta	02272736	Non – Executive Non – Independent
Mr. Shrikant Marathe	05243645	Independent
Ms. Neera Saggi	00501029	Independent
Mr. Vijay Kalra	07217974	Non – Executive Non – Independent
Mr. Nikhil Sohoni*	06852639	Non – Executive Non – Independent

* Mr. Nikhil Sohoni was appointed as an additional Director with effect from 17th April, 2016. At the 9th Annual General Meeting (AGM) held on 25th July, 2016, the appointment of Mr. Nikhil Sohoni as a Director was regularised. Mr. Nikhil Sohoni resigned from the directorship of the Company with effect from the close of business hours on Thursday, 27th April, 2017. The Board places on record its sincere appreciation of the services and advice rendered by him during his tenure as a Director of the Company.

Mr. Bharat Moossaddee retires by rotation at the forthcoming Annual General Meeting and is eligible for re-appointment.

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

Evaluation of performance

Pursuant to the provisions of the Companies Act, 2013, the Board 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 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 including chairman.

Board Meetings and Annual General Meeting

The Board of Directors met 4 times during the year under review on 26th April, 2016, 03rd August, 2016, 24th October, 2016 and 17th January, 2017. The 9th Annual General Meeting (AGM) of the Company was held on 25th July, 2016.

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

Names of Directors	No. of meetings attended out of 4 meetings
Mr. Rajan Wadhera (Chairman)	4
Mr. Bharat Moossaddee	3
Mr. Nalin Mehta	1
Mr. Shrikant Marathe	4
Ms. Neera Saggi	4
Mr. Vijay Kalra	3
Mr. Nikhil Sohoni*	4

* Resigned with effect from the close of business hours on Thursday, 27th April, 2017.

Meeting of Independent Directors

The Independent Directors of the Company met on 24th October, 2016 without the presence of the Non-Independent Directors or Chief Executive Officer or Chief Financial Officer or any other Management Personnel. The Meeting was conducted in an informal and flexible manner to enable the Independent Directors to discuss matters pertaining to, inter alia, review of performance of Non-Independent Directors and the Board as a whole, review the performance of the Chairman of the Company (taking into account the views of the Directors), assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Directors' Responsibility Statement

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

(i) in the preparation of the annual accounts, the applicable accounting standards have been followed;

(ii) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 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

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

a) Mr. K. V. N. Prasad – Manager (Appointed for two years w.e.f. 17th January, 2017)

b) Mr. Saiganesh Iyer – Chief Financial Officer

c) Mr. Kiran N. Bade – Company Secretary

d) Mr. Balavijayan Nagarajan – Chief Executive Officer (Resigned w.e.f. 24th October, 2016)

Codes of Conduct

Your Company has adopted Codes of Conduct for Corporate Governance ("the Codes") for its Directors and Senior Management Personnel and Employees. These Codes enunciate the underlying principles governing the conduct of your Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of your Company's ethos.

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

Committees of the Board:

Audit Committee

The Audit Committee comprises of the following Directors viz. Ms. Neera Saggi – Independent Director and Chairperson, Mr. Shrikant Marathe, Independent Director and Mr. Bharat Moossaddee (w.e.f. 27th April, 2017). Mr. Nikhil Sohoni who was a member of the Committee resigned w.e.f. 27th April, 2017. All the Members of the Committee possess accounting and financial management knowledge. All the recommendations of the Audit Committee were accepted by the Board.

The Committee met four times during the year on 26th April, 2016, 3rd August, 2016, 24th October, 2016 and 17th January, 2017.

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

Name of Directors	Category	No. of meetings attended out of 4 meetings
Ms. Neera Saggi (Chairperson)	Independent Director	4
Mr. Shrikant Marathe	Independent Director	4
Mr. Nikhil Sohoni*	Non – Executive Non – Independent	4

* Resigned with effect from the close of business hours on Thursday, 27th April, 2017.

Vigil Mechanism

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

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of the following Directors viz., Mr. Shrikant Marathe, Independent Director and Chairman, Mr. Rajan Wadhera and Ms. Neera Saggi, Independent Director.

The Committee met three times during the year under review 26th April, 2016, 3rd August, 2016 and 17th January, 2017.

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

Name of Directors	Category	No. of meetings attended out of 3 meetings
Mr. Rajan Wadhera	Non – Executive Non – Independent	3
Ms. Neera Saggi	Independent Director	3
Mr. Shrikant Marathe (Chairman w.e.f. 26th April, 2016)	Independent Director	3

Corporate Social Responsibility Committee

At the meeting held on 27th April, 2017, the Board of Directors constituted a Corporate Social Responsibility (CSR) Committee, comprising of Mr. Vijay Kalra, Chairman, Mr. Bharat Moossaddee and Mr. Shrikant Marathe, Independent Director. In view of accumulated losses, the Company was not required to spend on CSR activities during the year under review.

Auditors:

Statutory Auditors and Auditors' Report

Messrs. Deloitte Haskins & Sells, Chartered Accountants, (ICAI Registration Number 117365W) were appointed as the Statutory Auditors of the Company to hold office from the conclusion of the ninth Annual General Meeting until the conclusion of the tenth Annual General Meeting.

As recommended by the Audit Committee and approved by the Board, it is proposed to appoint B. K. Khare & Co. (Firm Registration No. 105102W) as the Statutory Auditors of the Company to hold office from conclusion of the 10th Annual General Meeting ('AGM'), till the conclusion of the 15th AGM, subject to ratification by members at every AGM.

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

The members are requested to appoint Messrs. B.K. Khare & Co. as statutory auditors of the Company as aforesaid and fix their remuneration. The Auditors' Report does not contain any qualification, reservation or adverse remark.

Secretarial Auditors and Auditors' Report

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

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

Cost Auditors

The Board had appointed Messrs. Dhananjay V. Joshi & Associates, Cost Accountants (Firm Registration Number: 000030), as Cost Auditor for conducting the audit of cost records of the Company for the Financial Year 2016-17.

The Board of Directors on the recommendation of the Audit Committee, appointed Messrs. Dhananjay V. Joshi & Associates, Cost Accountants, as the Cost Auditors of the

Company for the Financial Year 2017-18 pursuant to Section 148 of the Companies Act, 2013. Messrs. Dhananjay V. Joshi & Associates, have confirmed that their appointment is within the limits of Section 141(3)(g) of the Companies Act, 2013 and have also certified that they are free from any disqualifications specified under Section 141(3) and proviso to Section 148(3) read with Section 141(4) of the Companies Act, 2013.

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

Reporting of frauds by Auditors

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

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

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

a) Policy on Appointment of Directors and Senior Management and succession planning for orderly succession to the Board and the Senior Management.

b) Policy for remuneration of the Directors, Key Managerial Personnel and other employees.

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

Risk Management Policy

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

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

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

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8(3) of The Companies (Accounts) Rules, 2014 are given as **Annexure III** to this Report.

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

Being 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 investments 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 and Mahindra Limited.

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

Internal Financial Controls

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

Contracts or Arrangements with Related Parties

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

Extract of Annual Return

Pursuant to Section 134 (3)(a) and Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014 an extract of the Annual return as on 31st March, 2017 in Form No. MGT 9 is attached herewith as **Annexure V** and forms part of this report.

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

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

General

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

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

Acknowledgements

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

For and on behalf of the Board

Rajan Wadhera
Chairman

Place: Mumbai
Date: 27th April, 2017

ANNEXURE I 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 of Managerial Personnel) Rules, 2014]

To,

The Members,

Mahindra Heavy Engines Limited
Mumbai

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 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 relevant and applicable provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

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

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

1. Secretarial Standards issued by The Institute of Company Secretaries of India, and

2. Listing Agreement: The Company is an unlisted Company and therefore compliance with listing agreement is not applicable.

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

Other statutes, Acts, laws, Rules, Regulations, Guidelines and Standards etc., as applicable to the Company are given below:

1. Labour Laws and other incidental laws related to 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. Stamp Acts and Registration Acts;

4. Acts prescribed under prevention and control of pollution;

5. Acts prescribed under environmental protection;

6. Labour Welfare Act; and

7. Such other Local laws etc. as may be applicable.

We further report that the Board of the Company is duly constituted with proper balance of Executive Director, 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 was given to all the 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 & deliberations at these meeting.

During the period under review, decisions were carried through unanimously and no dissenting views were observed, while reviewing the minutes.

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

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

(i) On April 26, 2016, the Board of Directors approved the issue of 1,061,000,000 Equity Shares of Rs. 10 each on Right basis.

(ii) On August 3, 2016, the Board of Directors approved the allotment of 31,000,000 Equity Shares of Rs. 10 each on Right basis.

(iii) On October 24, 2016, the Board of Directors approved the allotment of 30,000,000 Equity Shares of Rs. 10 each on Right basis.

(iv) On December 21, 2016, the Board of Directors through Circular Resolution approved allotment of 3,000,000 Equity Shares of Rs. 10 each on Right basis.

(v) On January 17, 2017, the Board of Directors approved the allotment of 8,000,000 Equity Shares of Rs. 10 each on Right basis;

(vi) On March 15, 2017, the Board of Directors approved the allotment of 14,000,000 Equity Shares of Rs. 10 each on Right basis.

For M Siroya and Company
Company Secretaries

Mukesh Siroya
Proprietor
FCS No.: 5682
CP No.: 4157

Date: 27th April, 2017
Place: Mumbai

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

'Annexure A'

To,

The Members,

Mahindra Heavy Engines Limited

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

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

For M Siroya and Company
Company Secretaries

Mukesh Siroya
Proprietor
FCS No.: 5682
CP No.: 4157

Date: April 27, 2017
Place: Mumbai

ANNEXURE II-A TO THE DIRECTORS' REPORT

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

DEFINITIONS

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

"Board" means Board of Directors of the Company.

"Company" means Mahindra Heavy Engines Limited.

"Committee(s)" means Committees of the Board for the time being in force.

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

"HR" means the Human Resource department of the Company.

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

(i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)

(ii) Chief Financial Officer (CFO); and

(iii) Company Secretary (CS).

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

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

I. APPOINTMENT OF DIRECTORS

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

II. SUCCESSION PLANNING:

Purpose:

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

Board:

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

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

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

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

Senior Management Personnel:

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

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

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

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

Policy Statement

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

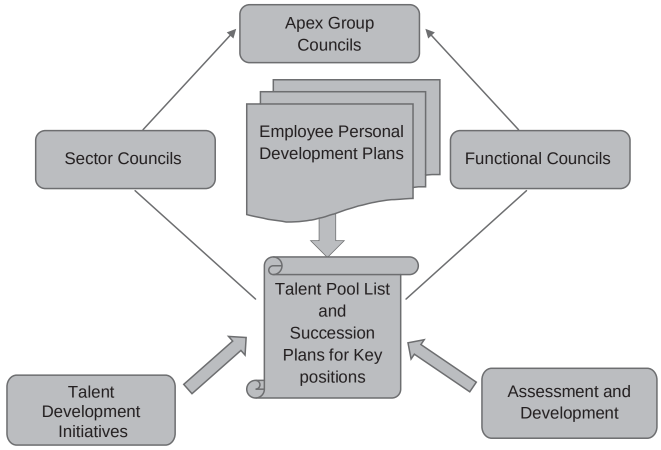
1) Given the strategic business plans, do we have the skills and competencies required to implement them? If not, how do we create them – by developing them internally or through lateral induction from outside?
2) For critical positions, what is the succession pipeline?
3) What are the individual development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

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

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

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

The Talent Management process can be represented pictorially as under:



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

For and on behalf of the Board

Rajan Wadhera
Chairman

Place: Mumbai
Date: 27th April, 2017

ANNEXURE II-B TO THE DIRECTORS' REPORT

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

Purpose

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

Policy Statement

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

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

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

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

Executive Directors:

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

Key Managerial Personnel (KMPs)

The terms of remuneration of Chief Financial Officer (CFO) and Company Secretary (CS) & other Key Management personnel, if any, shall be determined by the NRC from time to time. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of Section 203 of the Companies Act, 2013 the Board shall approve the remuneration at the time of their appointment.

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

Employees

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

a. For all employees from Operational to Executive Band, we benchmark with a set of comparators from the same industry.

b. For Strategic band and above, we have a position-based approach and the comparator basket includes benchmarks from across relevant industries.

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

- Performance
- Potential
- Criticality
- Longevity in grade

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

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

For and on behalf of the board

Rajan Wadhera
Chairman

Place: Mumbai
Date: 27th April, 2017

ANNEXURE III TO THE DIRECTORS' REPORT

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

SECTION 134(3)(M) OF THE COMPANIES ACT, 2013 READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 IS FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2017

A. CONSERVATION OF ENERGY

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

- Utilisation of alternate source of energy i.e Solar power total installed capacity 275kwp, Generation of 4 lac units per year
- Conversion all office and shop lights with LED lights. Saving of 50 K units per year
- Implementation of energy audit and take measures on the gaps. Compressor usage optimization, saving of 40k units per year
- Washing machine heating load replace with natural gas burners. Saving of 2.4 lac units per year
- All air lines auto ON OFF valves provision to eliminate air leakage losses
- Conversion of street lights into LED

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

- Set up of solar power plant.
- Installation of burners in washing machine tanks.

(c) The capital investment on energy conservation equipments:

- Washing machine heater conversion

B. TECHNOLOGY ABSORPTION

i) The efforts made towards technology absorption - Local market needs transformed in engineering technology

ii) The benefits derived like product improvement, cost reduction, product development or import substitution: It is ongoing process toward product improvement and cost reduction.

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: IPR for 9.3 ltr engine for range extension of heavy duty engines product portfolio

(b) The year of import: FY 2017

(c) Whether the technology been fully absorbed: Yes.

(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 Lakh)**

	For the Financial Year Ended 31st March, 2017	For the Financial Year Ended 31st March, 2016
Total Foreign Exchange Earned	**707.40**	474.68
Total Foreign Exchange Used	**2,513.49**	3,898.83

For and on behalf of the Board

Rajan Wadhera
Chairman

Mumbai, 27th April, 2017

ANNEXURE IV TO THE DIRECTORS' REPORT

FORM NO. AOC-2

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

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

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

2. Details of material contracts or arrangements or transactions at Arm's length basis: #

Sr. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Mahindra & Mahindra Limited – Ultimate Holding Company
b)	Nature of contracts/arrangements/transactions	Sale, Purchase and supply of goods and materials
c)	Duration of the contracts/arrangements/transactions	1st April, 2016 to 31st March, 2017
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Sales of engines and spares- Rs. 6,872.70 Lakh
e)	Date of approval by the Board, if any	Not Applicable
f)	Amount paid as advances, if any	Nil

Sr. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Mahindra Vehicle Manufacturers Limited–Holding Company
b)	Nature of contracts/arrangements/transactions	Sale, Purchase and supply of goods and materials
c)	Duration of the contracts/arrangements/transactions	1st April, 2016 to 31st March, 2017
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Sales of engines and spares- Rs. 65,882.82 Lakh
e)	Date of approval by the Board, if any	Not Applicable
f)	Amount paid as advances, if any	Nil

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

For and on behalf of the Board

Rajan Wadhera
Chairman

Mumbai, April 27, 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**	U35914MH2007PLC169753
2.	**Registration Date**	9th April 2007
3.	**Name of the Company**	Mahindra Heavy Engines Limited
4.	**Category/Sub-Category of the Company**	Public Limited Company
5.	**Address of Registered office and contact details**	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai 400018. Tel : 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 House, 46, Avenue 4, Street No.1, Banjara Hills Hyderabad - 500 038 Tel: 040 - 23312454 Fax: 040 - 23311968 Email: 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 shall be stated:-

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product/Service	% to total turnover of the Company
1	Internal Combustion Engines	2911	97.60%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

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

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

i. Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.	–	–	–	–	–	–	–	–	–
d. Bodies Corporate	54,83,99,994	6	54,84,00,000	100%	63,43,99,994	6	63,44,00,000	100%	–
e. Bank/FI	–	–	–	–	–	–	–	–	–
f. Any Other	–	–	–	–	–	–	–	–	–
Sub-Total A(1)	54,83,99,994	6	54,84,00,000	100%	63,43,99,994	6	63,44,00,000	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. Bodies Corporate	–	–	–	–	–	–	–	–	–
d. Bank/FI	–	–	–	–	–	–	–	–	–
e. Any Others	–	–	–	–	–	–	–	–	–
Sub-Total A (2)	–	–	–	–	–	–	–	–	–
Total Share Holding of Promoters (A)=(A)(1) + (A)(2)	**54,83,99,994**	**6**	**54,84,00,000**	**100%**	**63,43,99,994**	**6**	**63,44,00,000**	**100%**	–
B. Public Shareholding									
1. Institution	–	–	–	–	–	–	–	–	–
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Bank/FI	–	–	–	–	–	–	–	–	–
c. Cent. Govt.	–	–	–	–	–	–	–	–	–
d. State Govt.	–	–	–	–	–	–	–	–	–
e. Venture Capital Funds	–	–	–	–	–	–	–	–	–
f. Insurance Co.	–	–	–	–	–	–	–	–	–
g. FIIs	–	–	–	–	–	–	–	–	–
h. Foreign Venture Capital Fund	–	–	–	–	–	–	–	–	–
i. Others (specify)	–	–	–	–	–	–	–	–	–
Sub-Total B (1)	–	–	–	–	–	–	–	–	–
2. Non-Institution	–	–	–	–	–	–	–	–	–
a. Bodies Corporate	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b. Individual	–	–	–	–	–	–	–	–	–
i. Individual shareholders holding nominal share capital upto ` 1 lakh	–	–	–	–	–	–	–	–	–
ii. Individual shareholders holding nominal share capital in excess of ` 1 lakh	–	–	–	–	–	–	–	–	–
c. Others									
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)	**54,83,99,994**	**6**	**54,84,00,000**	**100%**	**63,43,99,994**	**6**	**63,44,00,000**	**100%**	–

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in 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 VEHICLE MANUFACTURERS LIMITED	54,83,99,994	100%	–	63,43,99,994	100%	–	63,43,99,994
2	MAHINDRA VEHICLE MANUFACTURERS LIMITED jointly with Mr. Narayan Shankar*	1	–	–	1	–	–	1
3	MAHINDRA VEHICLE MANUFACTURERS LIMITED jointly with Mr. Rajan Wadhera*	1	–	–	1	–	–	1
4	MAHINDRA VEHICLE MANUFACTURERS LIMITED jointly with Mr. Bharat Moossaddee*	1	–	–	1	–	–	1
5	MAHINDRA VEHICLE MANUFACTURERS LIMITED jointly with Mr. Nalin Mehta*	1	–	–	1	–	–	1
6	MAHINDRA VEHICLE MANUFACTURERS LIMITED jointly with Mr. S. Durgashankar*	1	–	–	1	–	–	1
7	MAHINDRA VEHICLE MANUFACTURERS LIMITED jointly with Mr. V. S. Parthasarathy*	1	–	–	1	–	–	1
	Total	**54,84,00,000**	**100%**	–	**63,44,00,000**	**100%**	–	**63,44,00,000**

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

iii. Change in Promoters' Shareholding

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	**Mahindra Vehicle Manufacturers Limited**				
	At the beginning of the year	54,83,99,994	–	54,83,99,994	–
	Increase :- on 3rd August, 2016 due to rights issue to Mahindra Vehicle Manufacturers Limited	3,10,00,000	–	57,93,99,994	99.99
	Increase :- on 24th October, 2016 due to rights issue to Mahindra Vehicle Manufacturers Limited	3,00,00,000	–	60,93,99,994	99.99
	Increase :- on 20th December, 2016 due to rights issue to Mahindra Vehicle Manufacturers Limited	30,00,000	–	61,23,99,994	99.99
	Increase :- on 17th January, 2017 due to rights issue to Mahindra Vehicle Manufacturers Limited	80,00,000	–	62,03,99,994	99.99
	Increase :- on 15th March, 2017 due to rights issue to Mahindra Vehicle Manufacturers Limited	1,40,00,000	–	63,43,99,994 (Holding at the end of the year)	99.99

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

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

v. Shareholding of Directors and Key Managerial Personnel:

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

V. INDEBTEDNESS:

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

(Rs. In Crore)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01.04.2015				
1) Principal Amount	126.85	–	–	126.85
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	1.17	–	–	1.17
Total of (1+2+3)	128.02	–	–	128.02
Change in Indebtedness during the financial year				
+ Addition	30.00	–	–	30.00
– Reduction	50.27	–	–	50.27
Net change	(20.27)	–	–	(20.27)
Indebtedness at the end of the financial year - 31.03.2016				
1) Principal Amount	106.94	–	–	106.94
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	0.97	–	–	0.97
Total of (1+2+3)	107.91	–	–	107.91

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

(Rs. In Lakh)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
		Mr. KVN Prasad-Manager (w.e.f. 17th January, 2017)	
1.	Gross Salary	49.38	49.38
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	49.12	49.12
	b) Value of perquisites u/s 17(2) Income Tax Act, 1961	0.26	0.26
	c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–
2.	Stock Option	11.70	11.70
3.	Sweat Equity	–	–
4.	Commission – As % of Profit – Others, specify	–	–
5.	Others, please specify	3.16	3.16
	Total (A)	**64.24**	**64.24**

B. Remuneration of other directors:

I. Independent Directors:-

(Rs. In Lakh)

Particulars of Remuneration	Mr. Shrikant Marathe	Ms. Neera Saggi	Total Amount
Fee for attending board/committee meetings	3.40	3.40	6.80
Commission	5.00	5.00	10.00
Others, please specify	–	–	–
Total (I)	–	–	–

II. Other Non-Executive Directors:

(Rs. In Lakh)

Other Non-Executive Directors							Total Amount
Fee for attending board/committee meetings	–	–	–	–	–	–	–
Commission	–	–	–	–	–	–	–
Others, please specify	–	–	–	–	–	–	–
Total (II)							
Total B = (I+II)							16.80
Total Managerial Remuneration (A+B)							16.80
Overall ceiling as per the Act							–

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

(Rs. In Lakh)

Sr. No.	Particulars of Remuneration	Mr. Balavijayan Nagarajan - CEO (up to 24th October, 2016)*	Mr. Sai Ganesh Iyer - CFO	Mr. Kiran N Bade - CS	Total
1.	Gross Salary	70.32	35.95	–	106.27
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	69.43	35.81	–	105.24
	b) Value of perquisites u/s 17(2) Income Tax Act, 1961	0.90	0.14	–	1.04
	c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–	–	–
2.	Stock Option	–	4.05	–	4.05
3.	Sweat Equity	–	–	–	–
4.	Commission – As % of Profit – Others, specify	–	–	–	–
5.	Others,	1.06	1.29	3.20	5.55
	Total (C)	**71.38**	**41.29**	**3.20**	**115.87**

* Proportionate salary considered.

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

For and on behalf of the Board

Rajan Wadhera
Chairman

Place: Mumbai
Date: 27th April, 2017

INDEPENDENT AUDITOR'S REPORT

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

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **MAHINDRA HEAVY ENGINES 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 has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements; - Refer Note 31 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 November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 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 accounts maintained by the Company and as produced to us by the Management – Refer Note – 33 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

Nilesh Shah
Partner
Membership No. 49660

Mumbai, 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)

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 HEAVY ENGINES 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. 117365W

Nilesh Shah
Partner
Membership No. 49660

Mumbai, 27th 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) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) The property, plant and equipment have not been physically verified during the year by the Management but the Company has a system of verifying the fixed assets once in every three years. In our opinion, the frequency of verification is at reasonable intervals.

(c) In respect of immovable properties of land that have been taken on lease (disclosed as prepayment for leasehold land under Other assets in the Ind AS financial statements)and building constructed thereon(disclosed as property, plant and equipment in the Ind AS financial statements), the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification. Physical verification of inventories lying with third parties is performed by the management at reasonable intervals and substantially confirmed by third parties.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provide guarantees and hence reporting under clause (iv) of the Order is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.

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

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Value Added Tax and Excise Duty which have not been deposited as on 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 lakhs)	Amount Unpaid (Rs. in lakhs)
Income tax Act, 1961	Income tax (including interest)	Income tax Appellate Tribunal	Assessment Year 2010-11	11.14	11.14
Sales Tax Laws	Value Added Tax (including interest and penalty)	Joint Commissioner of Sales Tax – Pune	Assessment Year 2011-12	55.39	52.39
Central Excise Act, 1944	Interest on Central Excise Duty	Commissioner of Customs & Central Excise (Appeals) - Pune	Assessment Year 2016-17	1.88	1.88

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions and banks. The Company has not taken any loans or borrowings from government and has not issued any debenture.

(ix) In our opinion and according to the information and explanations given to us, money raised by way of term loans have been applied by the Company during the year for the purposes for which they were raised. The Company has not raised moneys by way of initial public offer or further public offer including debt instruments during the year.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has 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. As regards provision for commission payable to independent directors, though amounts provided are within the limits prescribed by the provisions of section 197 read with Schedule V to the Companies Act, 2013, same is subject to members' approval at the general meeting.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the 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 Ind AS 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 directors of its holding 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. 117365W

Nilesh Shah
Partner
Membership No. 49660

Mumbai, 27th April, 2017

BALANCE SHEET AS AT MARCH 31, 2017

Rs. In Lakhs

	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	2	**27,309.07**	25,426.44	23,351.57
	(b) Capital work-in-progress		**2,078.60**	891.52	1,210.52
	(c) Other Intangible assets	3	**14.06**	22.19	591.20
	(d) Intangible assets under development		**6,920.28**	4,387.90	1,906.21
	(e) Financial Assets				
	(i) Loans	4	**6.09**	6.09	17.54
	(ii) Other financial assets	5	**92.80**	63.40	88.86
	(f) Deferred tax assets (net)	6	–	–	–
	(g) Other non-current assets	7	**1,507.67**	1,252.84	1,176.20
	Total Non – Current Assets		**37,928.57**	32,050.38	28,342.10
	2 Current assets				
	(a) Inventories	8	**3,768.13**	4,167.79	1,329.05
	(b) Financial Assets				
	(i) Investments	9	**1,000.14**	–	–
	(ii) Trade receivables	10	**8,832.61**	10,206.62	3,546.62
	(iii) Cash and cash equivalents	11	**470.88**	325.22	469.71
	(iv) Bank balances other than (iii) above	11	**247.10**	338.50	39.00
	(v) Loans	4	**3.01**	10.04	41.92
	(vi) Other financial assets	5	**3,651.80**	430.27	246.72
	(c) Other current assets	7	**698.35**	1,404.14	2,031.67
	Total Current Assets		**18,672.02**	16,882.58	7,704.69
	Total Assets (1+2)		**56,600.59**	48,932.96	36,046.79
B	**EQUITY AND LIABILITIES**				
	1 Equity				
	(a) Equity Share capital	12	**63,440.00**	54,840.00	50,800.00
	(b) Other Equity	13	**(30,424.32)**	(33,166.35)	(30,980.23)
	Total equity		**33,015.68**	21,673.65	19,819.77
	2 Non-current liabilities				
	(a) Financial Liabilities				
	(i) Borrowings	14	**6,145.58**	7,253.09	5,095.85
	(b) Provisions	15	**300.81**	248.35	284.35
	(c) Other non-current liabilities	19	**192.86**	–	–
	Total Non – Current Liabilities		**6,639.25**	7,501.44	5,380.20
3	**Current liabilities**				
	(a) Financial Liabilities				
	(i) Borrowings	16	–	1,044.67	2,300.77
	(ii) Trade payables	17	**9,955.27**	12,267.97	3,839.02
	(iii) Other financial liabilities	18	**6,057.84**	5,472.97	4,356.11
	(b) Provisions	15	**221.54**	235.83	245.80
	(c) Other current liabilities	19	**711.01**	736.43	105.12
	Total Current Liabilities		**16,945.66**	19,757.87	10,846.82
	Total Equity and Liabilities (1+2+3)		**56,600.59**	48,932.96	36,046.79

See accompanying notes to the financial statements

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

For and on behalf of the Board

Sai Ganesh Iyer
CFO

Bharat Moossaddee
Director

Kiran Bade
Company Secretary

Vijay Kalra
Director

Nilesh Shah
Partner
Place : Mumbai
Dated: April 27, 2017

Place : Mumbai
Dated: April 27, 2017

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

Rs. In Lakhs

	Particulars	Note No.	For the year ended March 31, 2017	For the year ended March 31, 2016
	Continuing Operations			
I	Revenue from operations	20	**72,004.79**	44,032.78
II	Other Income	21	**219.30**	69.44
III	**Total Revenue (I + II)**		**72,224.09**	44,102.22
IV	**Expenses**			
	(a) Cost of materials consumed		**49,293.89**	30,969.20
	(b) Changes in inventories of finished goods and work-in-progress	22	**128.71**	(372.66)
	(c) Employee benefit expense	23	**3,055.25**	2,711.16
	(d) Finance costs	24	**1,332.37**	1,506.09
	(e) Depreciation and amortisation expense	2 & 3	**2,680.39**	2,663.01
	(f) Other expenses	25	**13,006.29**	8,890.82
	Total Expenses		**69,496.90**	46,367.62
V	**Profit/(loss) before tax (III - IV)**		**2,727.19**	(2,265.40)
VI	**Tax Expense**			
	(a) Current tax		**–**	–
	(b) Deferred tax	6	**–**	–
VII	**Profit/(loss) after tax from continuing operations (V - VI)**		**2,727.19**	(2,265.40)
VIII	**Profit/(loss) for the period**		**2,727.19**	(2,265.40)
IX	**Other comprehensive income**			
	(a) Items that will not be reclassified to profit or loss			
	(i) Remeasurements of the defined benefit plans	29	**14.84**	79.28
	(b) Income tax relating to items that will not be reclassified to profit or loss		**–**	–
	Total other comprehensive income		**14.84**	79.28
X	**Total comprehensive income for the period (VIII + IX)**		**2,742.03**	(2,186.12)
XI	**Earnings per equity share (for continuing operation):**	26		
	(a) Basic (in Rs.)		**0.47**	(0.43)
	(b) Diluted (in Rs.)		**0.47**	(0.43)

See accompanying notes to the financial statements

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

Nilesh Shah
Partner
Place : Mumbai
Dated: April 27, 2017

Sai Ganesh Iyer
CFO

Kiran Bade
Company Secretary

For and on behalf of the Board

Bharat Moossaddee
Director

Vijay Kalra
Director

Place : Mumbai
Dated: April 27, 2017

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

Rs. In Lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Cash flows from operating activities		
Profit/(Loss) for the year	**2,727.19**	(2,265.40)
Adjustments for:		
Finance costs on borrowings	**1,328.50**	1,490.03
Net loss on disposal of property, plant and equipment	**3.36**	3.07
Share issue expenses	**8.60**	4.04
Interest income	**(31.31)**	(26.79)
Net gain on sale of investments	**(22.17)**	(22.25)
Income from Government Grants (Non-Cash)	**(27.23)**	–
Net gain arising on financial assets designated as at FVTPL	**(0.14)**	–
Liabilities no longer required written back	**(16.21)**	–
Depreciation and amortisation	**2,680.39**	2,663.01
Unwinding of discounts on provisions	**1.12**	4.38
Lease Rental	**7.30**	7.30
(Reversal)/Provision for doubtful receivables (net)	**(19.73)**	37.10
Provision for Warranty	**75.90**	46.30
Net foreign exchange (gain)/loss	**(7.08)**	10.52
	6,708.49	1,951.31
Movements in working capital:		
(Increase)/decrease in inventories	**399.66**	(2,838.74)
(Increase)/decrease in trade receivables	**1,404.94**	(6,697.84)
(Increase)/decrease in loans	**7.03**	43.33
(Increase)/decrease in other financial assets	**(3,224.13)**	(169.39)
(Increase)/decrease in other assets	**691.44**	625.20
Increase/(decrease) in trade payables	**(2,288.61)**	8,419.17
Increase/(decrease) in other financial liabilities	**9.99**	(7.26)
Increase/(decrease) in provisions	**(24.01)**	(15.28)
Increase/(decrease) in Other liabilities	**(52.66)**	631.31
Cash generated from operations	**3,632.14**	1,941.81
Income tax refund received/(paid) (net)	**2.04**	(14.69)
(A) Net cash generated from by operating activities	**3,634.18**	1,927.12
Cash flows from investing activities		
Fixed deposits placed	**(267.10)**	(1,372.00)
Fixed deposits matured	**338.50**	1,100.00
Payments to acquire current investments	**(8,200.00)**	(2,300.00)
Proceeds on sale of current investments	**7,222.17**	2,322.25
Interest received	**24.51**	10.59
Payments for property, plant and equipment	**(7,863.56)**	(6,456.71)
Proceeds from disposal of property, plant and equipment	**5.15**	19.11
(B) Net cash used in investing activities	**(8,740.33)**	(6,676.76)

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

Rs. In Lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Cash flows from financing activities		
Proceeds from issue of equity instruments of the Company	**8,600.00**	4,040.00
Share issue expenses	**(8.60)**	(4.04)
Proceeds from Long Term borrowings	**3,000.00**	5,700.00
Repayment of Long Term borrowings	**(3,981.94)**	(2,531.25)
Repayment of Short Term borrowings (Net)	**(1,044.67)**	(1,256.10)
Interest paid	**(1,261.73)**	(1,298.15)
Other borrowing cost	**(51.25)**	(45.31)
(C) Net cash generated from financing activities	**5,251.81**	4,605.15
Net increase in cash and cash equivalents (A+B+C)	**145.66**	(144.49)
Cash and cash equivalents at the beginning of the year	**325.22**	469.71
Cash and cash equivalents at the end of the year	**470.88**	325.22

See accompanying notes to the financial statements

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

Nilesh Shah
Partner
Place : Mumbai
Dated: April 27, 2017

Sai Ganesh Iyer
CFO

Kiran Bade
Company Secretary

For and on behalf of the Board

Bharat Moossaddee
Director

Vijay Kalra
Director

Place : Mumbai
Dated: April 27, 2017

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

a) Equity share capital

Rs. In Lakhs

Particulars	No. of Shares	Amount
Balance as at April 1, 2015	508,000,000	50,800.00
Changes in equity share capital during the year		
Issue of equity shares during the year	40,400,000	4,040.00
Balance as at March 31, 2016	548,400,000	54,840.00
Changes in equity share capital during the year		
Issue of equity shares during the year	86,000,000	8,600.00
Balance as at March 31, 2017	**634,400,000**	**63,440.00**

b) Other Equity

Rs. In Lakhs

Particulars	Retained Earnings	Other comprehensive income (Remeasurements of the defined benefit plans)	Total
Balance as at April 1, 2015	(30,980.23)	–	(30,980.23)
Loss for the year	(2,265.40)	–	(2,265.40)
Total Comprehensive income for the year, net of Income Tax	–	79.28	79.28
Balance as at March 31, 2016	(33,245.63)	79.28	(33,166.35)
Profit for the year	2,727.19	–	2,727.19
Total Comprehensive income for the year, net of Income Tax	–	14.84	14.84
Balance as at March 31, 2017	**(30,518.44)**	**94.12**	**(30,424.32)**

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

Nilesh Shah
Partner
Place : Mumbai
Dated: April 27, 2017

Sai Ganesh Iyer
CFO

Kiran Bade
Company Secretary

For and on behalf of the Board

Bharat Moossaddee
Director

Vijay Kalra
Director

Place : Mumbai
Dated: April 27, 2017

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

NOTE 1. Significant Accounting Policies:

1.1. 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 has prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. This is the company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2015. Refer Note No. – 1.22 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 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 the 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 fair value measurement in its entirity, which are descried 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.

1.3. Property Plant & Equipment:

Property Plant & Equipments are carried at cost less depreciation. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use.

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.

Leasehold land is amortised over the period of the lease.

Depreciation on assets is calculated on Straight Line Method at the rates and in the manner prescribed in Schedule II to the Companies Act, 2013, except in respect of the following categories of assets, in whose case the useful life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc. :

Plant and Machinery	5 years, 7 years and 8 years
Vehicles	5 years
Roads	15 years
Assets below Rs. 5,000/-	1 year

1.4. 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.

Technical Know-how fees:

The expenditure incurred on technical services and other project/product related expenses are amortised over the estimated period of benefit, not exceeding six years.

Software Expenditure:

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

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.

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.

Product Development Expenditure:

The expenditure incurred on product development expenditure expenses are amortised over the estimated period of benefit, not exceeding five 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 profit or loss when the asset is derecognised.

1.5. Impairment:

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment based on internal/external factors. Impairment loss is provided to the extent the carrying amount of assets exceeds their recoverable amount. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal.

1.6. Inventories:

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

1.7. 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).

1.8. Investments:

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

1.9. 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.

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 at Fair value through profit or loss 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.

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.

1.10. 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:

a) The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;

b) The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

c) The amount of revenue can be measured reliably;

d) It is probable that the economic benefits associated with the transaction will flow to the company; and

e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

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.

1.11. Excise Duty:

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

1.12. Custom Duty:

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

1.13. Government Grants and Other Incentives:

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

Government grants related to acquisition of depreciable assets are recognised as deferred revenue in the financial statements and are transferred to statement of Profit and Loss on a systematic and rational basis over the useful lives of the related assets.

1.14. Export Benefits:

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

1.15. Foreign exchange transactions:

Transactions in foreign currencies (Other than company's functional currency) are recorded at the exchange rates prevailing on the date of transaction. Monetary items are translated at the year-end rates. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of Monetary items at the end of the year, is recognised as income or expense, as the case may be.

1.16. Employee Benefits:

(i) Defined Contribution Plan

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

(ii) Defined Benefit Plan/Leave encashment:

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

(iii) Other Benefits:

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

1.17. Borrowing Costs:

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

1.18. Taxes on Income:

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 Financial 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 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.

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.

1.19. Warranty:

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.

1.20. Segment Reporting:

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

1.21. Provisions, Contingent Liabilities and 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 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.

Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

1.22. First-time adoption of Ind AS – Mandatory exceptions and optional exemptions:

Overall principle:

The Company has prepared the opening balance sheet as per Ind AS as of April 1, 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.

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.

1.23. Critical accounting judgements and key sources of estimation uncertainty:

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 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 useful lives of property, plant and equipment, obligations relating to employee defined benefits etc. 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.

Note No. 2 – Property, Plant and Equipment

Rs. In Lakhs

Description of Assets	Buildings	Plant and Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Total
I. Gross Block						
Balance as at April 1, 2015	7,431.82	18,964.69	589.78	202.74	239.13	**27,428.16**
Additions	807.15	2,750.63	274.53	295.80	54.43	**4,182.54**
Disposals	–	–	–	–	(52.52)	**(52.52)**
Balance as at March 31, 2016	**8,238.97**	**21,715.32**	**864.31**	**498.54**	**241.04**	**31,558.18**
Additions	606.37	3,165.96	330.55	378.51	70.78	**4,552.17**
Disposals	–	–	–	–	(25.62)	**(25.62)**
Balance as at 31 March, 2017	**8,845.34**	**24,881.28**	**1,194.86**	**877.05**	**286.20**	**36,084.73**
II. Accumulated depreciation						
Balance as at 1 April, 2015	772.68	2,622.32	507.64	77.66	96.29	**4,076.59**
Depreciation expense for the year	261.97	1,599.87	122.40	54.44	46.81	**2,085.49**
Eliminated on disposal of assets	–	–	–	–	(30.34)	(30.34)
Balance as at 1 April, 2016	**1,034.65**	**4,222.19**	**630.04**	**132.10**	**112.76**	**6,131.74**
Depreciation expense for the year	279.43	2,082.05	155.17	99.17	45.21	2,661.03
Eliminated on disposal of assets	–	–	–	–	(17.11)	(17.11)
Balance as at 31 March, 2017	**1,314.08**	**6,304.24**	**785.21**	**231.27**	**140.86**	**8,775.66**
III. Net block (I-II)						
Balance as at April 1, 2015	6,659.14	16,342.37	82.14	125.08	142.84	23,351.57
Balance as at March 31, 2016	7,204.32	17,493.13	234.27	366.44	128.28	25,426.44
Balance as at March 31, 2017	**7,531.26**	**18,577.04**	**409.65**	**645.78**	**145.34**	**27,309.07**

Note: Assets pledged as security

Refer Note no. 14 for details of property, plant and equipment pledged as security for loans from a Bank and a Financial institution under hypothecation/mortgage.

Note No. 3 – Other Intangible Assets

Rs. In Lakhs

Description of Assets	Technical Knowhow	Development Expenditure	Computer Software	Total
I. Gross Block				
Balance as at April 1, 2015	5,497.55	1,088.75	313.34	**6,899.64**
Additions	–	–	8.51	**8.51**
Disposals	–	–	–	**–**
Balance as at March 31, 2016	**5,497.55**	**1,088.75**	**321.85**	**6,908.15**
Additions	–	–	11.23	**11.23**
Disposals	–	–	–	–
Balance as at 31 March, 2017	**5,497.55**	**1,088.75**	**333.08**	**6,919.38**
II. Accumulated amortisation				
Balance as at April 1, 2015	4,963.07	1,070.60	274.77	**6,308.44**
Amortisation expense for the year	534.48	18.15	24.89	**577.52**
Eliminated on disposal of assets	–	–	–	**–**
Balance as at March 31, 2016	**5,497.55**	**1,088.75**	**299.66**	**6,885.96**
Amortisation expense for the year	–	–	19.36	**19.36**
Eliminated on disposal of assets	–	–	–	–
Balance as at 31 March, 2017	**5,497.55**	**1,088.75**	**319.02**	**6,905.32**
III. Net block (I-II)				
Balance as at April 1, 2015	534.48	18.15	38.57	591.20
Balance as at March 31, 2016	–	–	22.19	22.19
Balance as at March 31, 2017	**–**	**–**	**14.06**	**14.06**

Note No. 4 – Loans

Rs. In Lakhs

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Non-Current :			
a) Security Deposits			
– Unsecured, considered good	**6.09**	6.09	17.54
	6.09	6.09	17.54
Current :			
a) Loans to related parties (Refer Note below)			
– Unsecured, considered good	**–**	–	34.65
b) Other Loans			
– Unsecured, considered good	**3.01**	10.04	7.27
	3.01	10.04	41.92

Note: Name of related party:

– Mahindra & Mahindra Limited	**–**	–	34.65

Note No. 5 – Other financial assets

Rs. In Lakhs

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Financial assets at amortised cost			
Non-Current :			
a) Bank Deposit with more than 12 months maturity (under Bank's lien)	**66.05**	46.05	73.55
b) Accrued Interest	**26.75**	17.35	15.31
	92.80	63.40	88.86

Rs. In Lakhs

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Current :			
a) Government Grants and other incentives	**3,635.69**	411.56	242.17
b) Accrued Interest	**16.11**	18.71	4.55
	3,651.80	430.27	246.72

Note No. 6 – Deferred tax assets (net)

Rs. In Lakhs

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
a) Deferred tax assets			
Provision for compensated absences	**66.69**	64.57	51.44
Provision for gratuity	**72.77**	52.15	61.96
Provision for doubtful debts	**1.86**	11.46	–
Carried forward tax losses*	**2,360.18**	1,586.50	1,026.16
Others	**49.49**	33.68	57.85
	2,550.99	1,748.36	1,197.41
b) Deferred tax liabilities			
Depreciation and amortisation	**2,550.99**	1,748.36	1,197.41
	2,550.99	1,748.36	1,197.41
c) Net Deferred tax assets	**–**	–	–

Movement in Deferred tax assets/(liabilities) for the year ended March 31, 2017:

Rs. In Lakhs

Particulars	Opening Balance as at April 1, 2016	Recognised in Profit or Loss	Recognised in Other Comprehensive Income	Closing Balance as at March 31, 2017
Deferred tax assets/(liabilities) in relation to:				
Provision for compensated absences	64.57	2.12	–	**66.69**
Provision for gratuity	52.15	25.75	(5.13)	**72.77**
Provision for doubtful debts	11.46	(9.60)	–	**1.86**
Carried forward tax losses*	1,586.50	768.55	5.13	**2,360.18**
Others	33.68	15.81	–	**49.49**
Depreciation and amortisation	(1,748.36)	(802.63)	–	**(2,550.99)**
	–	–	–	**–**

Movement in Deferred tax assets/(liabilities) for the year ended March 31, 2016:

Rs. In Lakhs

Particulars	Opening Balance as at April 1, 2015	Recognised in Profit or Loss	Recognised in Other Comprehensive Income	Closing Balance as at March 31, 2016
Deferred tax assets/(liabilities) in relation to:				
Provision for compensated absences	51.44	13.13	–	64.57
Provision for gratuity	61.96	14.69	(24.50)	52.15
Provision for doubtful debts	–	11.46	–	11.46
Carried forward tax losses*	1,026.16	535.84	24.50	1,586.50
Others	57.85	(24.17)	–	33.68
Depreciation and amortisation	(1,197.41)	(550.95)	–	(1,748.36)
	–	–	–	–

* Considered to the extent probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Note No. 7 – Other assets

Rs. In Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-Current :			
a) Capital Advances			
Unsecured Considered good	**773.11**	523.29	454.27
Unsecured Considered doubtful	**23.60**	11.60	11.60
Less : Provision for Doubtful Capital Advances	**(23.60)**	(11.60)	(11.60)
	773.11	523.29	454.27
b) Advances other than capital advances			
i) Advance Income Tax [net of provisions Rs. 1,000,000 (As at March 31, 2016 Rs. 1,000,000, As at April 1, 2015 Rs. 1,000,000)]	**37.39**	39.43	26.83
c) Others			
i) Balances with government authorities (other than income taxes)			
1) VAT credit receivable	**3.00**	3.00	3.00
2) Custom deposit Receivable	**50.97**	50.97	50.97
3) Excise deposit receivable	**–**	2.33	–
ii) Other advances			
1) Prepayment for Lease hold land	**626.52**	633.82	641.13
2) Other Prepayments	**16.68**	–	
	1,507.67	1,252.84	1,176.20

Rs. In Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current :			
a) Advances other than capital advances			
i) Advance to suppliers	**12.90**	7.16	–
b) Others			
i) Balances with government authorities (other than income taxes)			
1) VAT credit receivable	**13.11**	10.67	4.79
2) Excise duty rebate receivable	**73.37**	16.25	122.43
3) Cenvat duty refund receivable	**350.84**	819.10	1,639.02
4) Service tax refund receivable	**138.02**	451.66	197.56
ii) Other advances			
1) Prepayment for Lease hold land	**7.30**	7.30	7.30
2) Other Prepayments	**50.43**	26.13	31.44
3) Others	**52.38**	65.87	29.13
	698.35	1,404.14	2,031.67

Note No. 8 – Inventories

Rs. In Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Raw materials	**2,823.28**	3,353.50	1,018.02
Work-in-progress	**267.99**	403.29	125.35
Finished and semi-finished goods	**209.63**	203.04	108.32
Stores and spares	**467.23**	207.96	77.36
Total Inventories at the lower of cost and net realisable value	**3,768.13**	4,167.79	1,329.05

Rs. In Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Included above, raw material-in-transit:	**599.56**	250.31	–
Total goods-in-transit	**599.56**	250.31	–

Notes :

(i) The cost of inventories recognised as an expense during the year in respect of continuing operations was Rs. 50,119.31 Lakhs (for the year ended March 31, 2016 Rs. 30,920.28 Lakhs)

(ii) The cost of inventories recognised as an expense includes Rs. 279.31 Lakhs (during March 31, 2016 Rs. 120.89 Lakhs, April 1, 2015 Rs. 48.84 Lakhs) in respect of write-downs of inventory to net realisable value.

(iii) Refer Note no. 16 for details of inventory pledged as security for working capital loan from a Bank.

Note No. 9 – Investments

Rs. In Lakhs

Particular	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Quantity	**Amount**	Quantity	Amount	Quantity	Amount
Current :						
Quoted Investments (all fully paid)						
Designated as Fair Value Through Profit and Loss						
Investments in Mutual Funds						
Axis Liquid Fund	**27,816.00**	**500.00**	–	–	–	–
UTI Money Market Fund	**27,509.79**	**500.14**	–	–	–	–
	55,325.79	**1,000.14**	–	–	–	–

Rs. In Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Aggregate book value of quoted investments	**1,000.14**	–	–
Aggregate market value of quoted investments	**1,000.14**	–	–
Aggregate amount of impairment in value of investments	**–**	–	–

Note No. 10 – Trade receivables

Rs. In Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current			
Trade Receivables			
(a) Unsecured, considered good	**8,832.61**	10,206.62	3,546.62
(b) Doubtful	**5.37**	37.10	–
Less: Allowance for doubtful debts (expected credit loss allowance) – (Refer Note No. 27)	**(5.37)**	(37.10)	–
	8,832.61	10,206.62	3,546.62

Note :

The normal credit period on sale of goods ranges from 30 to 60 days. No interest is charged on trade receivables.

Note No. 11 – Cash and Bank Balances

Rs. In Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Cash and cash equivalents			
(a) Balances with banks	**465.40**	324.97	468.78
(b) Cheques, drafts on hand	**5.00**	–	–
(c) Cash on hand	**0.48**	0.25	0.93
Total Cash and cash equivalent	**470.88**	325.22	469.71
Other Bank Balances			
(a) Balances with Banks:			
On Margin Accounts (under Bank's lien)	**247.10**	338.50	39.00
Total Other Bank balances	**247.10**	338.50	39.00

Note No. 12 – Equity Share Capital

(Rs. In Lakhs)

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of shares	**Amount**	No. of shares	Amount	No. of shares	Amount
Authorised:						
Equity shares of Rs 10 each with voting rights	**700,000,000**	**70,000.00**	700,000,000	70,000.00	535,000,000	53,500.00
Issued, Subscribed and Fully Paid:						
Equity shares of Rs 10 each with voting rights	**634,400,000**	**63,440.00**	548,400,000	54,840.00	508,000,000	50,800.00
Total	**634,400,000**	**63,440.00**	548,400,000	54,840.00	508,000,000	50,800.00

(i) Terms/Rights attached to equity shares:

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

The Equity Shares of the Company rank pari-passu in all respects including voting rights and entitlement to dividend.

(ii) Reconciliation of the number of shares outstanding at the beginning and at the end of the period:

(Rs. In Lakhs)

Particulars	No. of Shares	Amount
Balance as at 1 April, 2015	508,000,000	50,800.00
Fresh Issue during the year	40,400,000	4,040.00
Balance as at 31 March, 2016	548,400,000	54,840.00
Fresh Issue during the year	86,000,000	8,600.00
Balance as at 31 March, 2017	**634,400,000**	**63,440.00**

(iii) Details of shares held by the holding company

(Rs. In Lakhs)

Particulars	No. of Shares	Amount
As at March 31, 2017		
Mahindra Vehicle Manufacturers Limited, the holding company	**634,400,000**	**63,440.00**
As at March 31, 2016		
Mahindra Vehicle Manufacturers Limited, the holding company	548,400,000	54,840.00
As at April 1, 2015		
Mahindra & Mahindra Limited, the ultimate holding company	508,000,000	50,800.00

(iv) Details of shares held by each shareholder holding more than 5% shares

Particulars	No. of Shares	Percentage of holding
As at March 31, 2017		
Mahindra Vehicle Manufacturers Limited and its nominees	**634,400,000**	**100%**
As at March 31, 2016		
Mahindra Vehicle Manufacturers Limited and its nominees	548,400,000	100%
As at April 1, 2015		
Mahindra & Mahindra Limited and its nominees	508,000,000	100%

Note No. 13 – Other Equity

Rs. In Lakhs

Particulars	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Retained Earnings	**(30,518.44)**	(33,245.63)	(30,980.23)
Remeasurements of the defined benefit plans	**94.12**	79.28	–
Balance at the end of the year	**(30,424.32)**	(33,166.35)	(30,980.23)

a) Retained earning

Rs. In Lakhs

Particulars	**For the year ended March 31, 2017**	For the year ended March 31, 2016
Balance at the beginning of the year	**(33,245.63)**	(30,980.23)
Profit/(Loss) for the year	**2,727.19**	(2,265.40)
Balance at the end of the year	**(30,518.44)**	(33,245.63)

b) Remeasurements of the defined benefit plans

Rs. In Lakhs

Particulars	**For the year ended March 31, 2017**	For the year ended March 31, 2016
Balance at the beginning of the year	**79.28**	–
Items that will not be reclassified to profit or loss		
Remeasurements of the defined benefit plans	**14.84**	79.28
Balance at the end of the year	**94.12**	79.28

Note No. 14 – Borrowings – Non-Current

Particulars	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Measured at amortised cost			
Secured Borrowings:			
Term Loans			
a) From a Bank	**6,145.58**	6,125.53	949.80
For Hypothecation			
First and exclusive hypothecation charge on all movable fixed assets/plant and machinery created out of the proceeds of the facilities granted by the Bank			
For Mortgage			
(i) First and exclusive charge on immovable properties being the building that is setup using the facilities granted by the Bank at the existing plant at Chakan MIDC near Pune.			
(ii) Negative lien over the building setup using the facilities granted at the existing plant along with land situated at the Chakan MIDC plant.			
b) From a Financial Institution	**–**	1,127.56	4,146.05
Term Loan from a financial institution is secured by first charge on entire immovable fixed assets, both present and future, relating to 7.2 litres, 6 Cylinder Acteon Diesel engine project at Chakan			
	6,145.58	7,253.09	5,095.85

Details of Long term Borrowings of the Company:

Rs. In Lakhs

Description of the instrument	Currency of Loan	Effective Interest Rate used for Discounting Cash flows	Coupon Rate	Repayment Bullet (or) Instalment	Number of Instalments	**Amortised cost as at March 31, 2017**	Amortised cost as at March 31, 2016	Amortised cost as at April 1, 2015
Secured								
Term loans from Financial institution:								
Export-Import Bank of India	INR	11.65%	11% to 11.75%	Term loan is repayable in quarterly instalments commencing at the end of 30 months from the date of first disbursement i.e. 24th June 2010. Last date of repayment – 3rd October, 2017 Quarterly repayments will be on a stepped-up basis as below: First year – 10% Second year – 20% Third year – 25% Fourth year – 25% Fifth year – 20%"	20	**1,801.39**	4,978.81	7,486.47
Term loans from banks:								
Kotak Mahindra Bank Limited	INR	10.98%	10.05% to 10.25%	Moratorium period till 30th June 2017 Door to door tenor of 6 years including moratorium of 3 years Repayment of loan will be on quarterly basis as follows FY-2016-17 – 8% of Loan Amount FY-2017-18 – 28.5% of Loan Amount FY-2018-19 – 43% of Loan Amount FY-2019-20 – 20.5% of Loan Amount	13	**8,892.69**	6,661.53	949.80
Total (Refer note below)						**10,694.08**	11,640.34	8,436.27

Note:

Rs. In Lakhs

Particulars	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
a) Non-Current borrowings	**6,145.58**	7,253.09	5,095.85
b) Current maturities of long-term debt (Refer Note No. 18)	**4,548.50**	4,387.25	3,340.42
Total	**10,694.08**	11,640.34	8,436.27

Note No. 15 – Provisions

Rs. In Lakhs

Particulars	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Non-Current :			
a) Provision for employee benefits			
i) Long-term Employee Benefits	**285.31**	232.88	243.26
b) Other Provisions (Refer note below)			
i) Warranty	**15.50**	15.47	41.09
ii) Other Provisions	**–**	–	–
	300.81	248.35	284.35

Rs. In Lakhs

Particulars	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Current :			
a) Provision for employee benefits			
i) Long-term Employee Benefits	**117.64**	144.83	123.71
b) Other Provisions (Refer note below)			
i) Warranty	**103.90**	91.00	120.00
ii) Other Provisions	**–**	–	2.09
	221.54	235.83	245.80

Movement in other provisions

Rs. In Lakhs

Particulars	**Warranty**		**Other Provisions**	
	As at March 31, 2017	As at March 31, 2016	**As at March 31, 2017**	As at March 31, 2016
Carrying Amount at the beginning of the year	**106.47**	161.09	**–**	2.09
Additional Provision made during the year (net of reversal)	**75.90**	46.30	**–**	–

Rs. In Lakhs

Particulars	Warranty		Other Provisions	
	As at March 31, 2017	As at March 31, 2016	**As at March 31, 2017**	As at March 31, 2016
Amounts used during the year	**64.09**	105.30	**–**	2.09
Unwinding of discount and effect of changes in the discount rate	**1.12**	4.38	**–**	–
	119.40	106.47	**–**	–

Warranty Provision:

Warranty cost are accrued at the time of sale of products, based on technical estimates and past trends. The provision is discharged over the warranty period as per below :

1. For Industrial Engines – 18 to 30 months from the date of dispatch or 6 to 24 months from the date of commissioning or 1000 to 5000 hours of operations whichever is earlier.
2. For Genset Engines – 30 months from the date of dispatch or 24 months from the date of commissioning or 5000 hours of operations whichever is earlier.

The estimates for accounting of warranties are reviewed and revisions are made as required.

Note No. 16 – Borrowings – Current

Rs. In Lakhs

Particulars	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Secured Borrowings			
Loans repayable on demand			
From Banks	**–**	1,044.67	2,300.77
[Secured by first charge by way of hypothecation and/or pledge of entire goods, movable and other current assets present and future (excluding Plant and Machinery and all other property, plant and equipment)]			
	–	1,044.67	2,300.77

Note No. 17 – Trade Payables

Rs. In Lakhs

Particulars	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
<u>**Current :**</u>			
Total outstanding dues of micro enterprises and small enterprises (Refer Note below)	**123.97**	212.89	208.75
Total outstanding dues of creditors other than micro enterprises and small enterprises	**9,831.30**	12,055.08	3,630.27
	9,955.27	12,267.97	3,839.02

Note :

The normal credit period on purchases of goods from supplier ranges from 15 to 64 days. No interest is charged on outstanding balance.

Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

Rs. In Lakhs

Particulars		**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
(i)	the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year			
	Principal	**123.97**	212.89	208.75
	Interest	**0.06**	0.52	0.36
(ii)	the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	**–**	–	–
(iii)	the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	**2.35**	5.01	8.67
(iv)	the amount of interest accrued and remaining unpaid at the end of each accounting year	**2.41**	5.53	11.63
(v)	the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	**0.15**	0.19	0.78

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. 18 – Other Financial Liabilities

Rs. In Lakhs

Particulars		**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
<u>**Current**</u>				
Other Financial Liabilities Measured at Amortised Cost				
a)	Current maturities of long-term debt	**4,548.50**	4,387.25	3,340.42
b)	Interest accrued	**96.68**	116.84	5.60
c)	Short term Deposits	**22.14**	8.95	8.95
d)	Other liabilities			

Rs. In Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
i) Creditors for capital supplies	**1,388.01**	954.22	988.17
ii) Others	**2.51**	5.71	12.97
	6,057.84	5,472.97	4,356.11

Note No. 19 – Other Liabilities

Rs. In Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<u>**Non-Current**</u>			
a) Deferred Government Grants – Export Promotion Capital Goods	**192.86**	–	–
	192.86	–	–
<u>**Current**</u>			
a) Advances received from customers	**5.18**	–	1.65
b) Statutory dues payables			
– Statutory dues (Contributions to PF and other funds, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	**678.59**	736.43	103.47
c) Deferred Government Grants – Export Promotion Capital Goods	**27.24**	–	–
	711.01	736.43	105.12

Note No. 20 - Revenue from Operations

Rs. In Lakhs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
a) Revenue from sale of products [including excise duty of Rs. 8,225.35 (Previous year Rs. 5,194.59)]	**68,200.99**	43,514.77
b) Other operating revenue		
(i) Sale of Scrap [including excise duty of Rs. 16.82 (Previous year Rs. 9.27)]	**194.96**	109.62
(ii) Government Grants and other incentives *	**3,599.98**	387.34
(iii) Duty Drawback	**8.86**	21.05
	72,004.79	44,032.78

* Includes Government Grants recognised in respect of earlier years Rs. 2,056.76 Lakhs (Previous year - Rs. Nil) as per addenda II dated September 1, 2016 under the Package Scheme of Incentives.

Note No. 21 - Other Income

Rs. In Lakhs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest Income on Bank deposits (at amortised cost)	**31.31**	26.79
Net Gain on sale of investments	**22.17**	22.25
Net gain arising on financial assets designated as at FVTPL	**0.14**	–
Net foreign exchange gains	**42.88**	–
Liabilities no longer required written back	**16.21**	**–**
Insurance claims received	**34.05**	**–**
Miscellaneous Income	**72.54**	20.40
	219.30	69.44

Note No. 22 - Changes in inventories of finished goods and work-in-progress

Rs. In Lakhs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Inventories at the beginning of the year:		
a) Finished goods	**203.04**	108.32
b) Work-in-progress	**403.29**	125.35
	606.33	233.67
Inventories at the end of the year:		
a) Finished goods	**209.63**	203.04
b) Work-in-progress	**267.99**	403.29
	477.62	606.33
	128.71	(372.66)

Note No. 23 - Employee Benefits Expenses

Rs. In Lakhs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
a) Salaries and wages	**2,358.32**	2,231.32
b) Contribution to provident and other funds	**155.41**	154.33
c) Share based payment transactions expenses - Equity-settled share-based payments *	**63.62**	38.78
d) Staff welfare expenses	**477.90**	286.73
	3,055.25	2,711.16

* Represents cost reimbursed by the company towards ESOP's granted by the ultimate holding company, Mahindra & Mahindra Limited

Note :

Certain employees of the Company are covered by Employee Stock Option Scheme (ESOP scheme) offered by Ultimate Holding Company, Mahindra & Mahindra Limited. Under the scheme, eligible employees are granted an option to purchase shares of Mahindra & Mahindra Limited, in accordance with the terms and conditions of the scheme.

The Company recognises this scheme as an equity settled share based payments arrangement in accordance with IND AS 102 - Share Based Payment. Options granted under Parent's ESOP scheme vests in 4 to 5 instalments on expiry of 12 months, 24 months, 36 months, 48 months and 60 months from the date of grant. The options may be exercised subject to condition of minimum number of option vesting, on specified day over a period of 4 to 5 years from the date of vesting. Such ESOP expense in respect of employees of the Company is charged by the Ultimate Holding Company over the vesting period. The charge is based on fair value of options calculated using Black and Scholes Option Pricing Model. The fair value charge is recognised as share based payment expenses under Employee Benefit Expenses.

Note No. 24 - Finance Cost

Rs. In Lakhs

Particulars			For the year ended March 31, 2017	For the year ended March 31, 2016
a)	Interest Expenses			
	i)	Borrowings	**1,277.25**	1,444.72
	ii)	Trade Payables - Micro Enterprises and Small Enterprises (Refer Note No. 17)	**2.41**	5.53
	iii)	Delayed payment of excise duty	**–**	5.60
	iv)	Others	**0.34**	0.55
b)	Other borrowing cost		**51.25**	45.31
c)	Unwinding of discounts on provisions		**1.12**	4.38
			1,332.37	1,506.09

Analysis of Interest Expenses by category

Rs. In Lakhs

Particulars			For the year ended March 31, 2017	For the year ended March 31, 2016
Interest Expenses				
	i)	On financial liability at amortised cost	**1,279.66**	1,450.25
	ii)	Other interest expenses	**0.34**	6.15
			1,280.00	1,456.40

Note No. 25 - Other Expenses

Rs. In Lakhs

Particulars			For the year ended March 31, 2017	For the year ended March 31, 2016
Stores consumed			**696.71**	323.74
Power & Fuel			**477.27**	355.59
Amortisation of Lease			**7.30**	7.30
Rates and taxes			**81.08**	83.55
Insurance			**49.07**	41.22
Repairs and maintenance - Buildings			**10.37**	38.89
Repairs and maintenance - Machinery			**104.97**	72.14
Repairs and maintenance - Others			**71.35**	46.27
Travelling and Conveyance Expenses			**162.82**	179.35
(Reversal)/Provision for doubtful receivables (net)			**(19.73)**	37.10
Excise duty				
	i)	On sales of product	**8,242.17**	5,203.86
	ii)	Change in finished goods inventories	**2.59**	6.84
	iii)	Other duty	**44.43**	93.53
Net foreign exchange loss			**–**	37.60
Auditors remuneration and out-of-pocket expenses				
	i)	As Auditors	**15.75**	14.50
	ii)	For Other services	**0.75**	2.79
	iii)	For reimbursement of expenses	**0.25**	0.10
Legal and other professional costs			**556.26**	466.90
Packing material consumed			**154.63**	126.61
Testing expenses			**922.07**	691.07
Royalty			**519.45**	470.94
Provision for warranty			**75.90**	46.30
Loss on disposal of property, plant and equipment (net)			**3.36**	3.07
Bank charges			**10.13**	10.65
Housekeeping and security expenses			**88.16**	70.89
Labour Contract Charges			**497.94**	291.88
Miscellaneous expenses			**231.24**	168.14
			13,006.29	8,890.82

Note No. 26 - Earnings per Share

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Profit / (loss) for the year attributable to equity share holders of the Company	**2,727.19**	(2,265.40)
Weighted average number of equity shares	**585,049,315**	532,946,448
Basic and Diluted Earnings per share (Face value of Rs. 10 per share)	**0.47**	(0.43)

Note No. 27 - 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 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.

Rs. In Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Equity	**33,015.68**	21,673.65	19,819.77
Less: Cash and cash equivalents	**470.88**	325.22	469.71
	32,544.80	21,348.43	19,350.06

Categories of financial assets and financial liabilities

Rs. In Lakhs

	As at March 31, 2017			
Particulars	**Amortised Costs**	**FVTPL**	**FVOCI**	**Total**
Non-current Assets				
Loans	**6.09**	–	–	**6.09**
Other Financial Assets				

Rs. In Lakhs

Particulars	As at March 31, 2017 Amortised Costs	FVTPL	FVOCI	Total
- Non Derivative Financial Assets	**92.80**	–	–	**92.80**
Current Assets				
Investments	–	**1,000.14**	–	**1,000.14**
Trade Receivables	**8,832.61**	–	–	**8,832.61**
Cash and cash equivalents	**470.88**	–	–	**470.88**
Bank balances	**247.10**			**247.10**
Loans	**3.01**	–	–	**3.01**
Other Financial Assets				
- Non Derivative Financial Assets	**3,651.80**	–	–	**3,651.80**
Non-current Liabilities				
Borrowings	**6,145.58**			**6,145.58**
Current Liabilities				
Borrowings	–	–	–	–
Trade Payables	**9,955.27**	–	–	**9,955.27**
Other Financial Liabilities				
- Non Derivative Financial Liabilities	**6,057.84**	–	–	**6,057.84**

Rs. In Lakhs

Particulars	As at March 31, 2016 Amortised Costs	FVTPL	FVTPL	Total
Non-current Assets				
Loans	6.09	–	–	6.09
Other Financial Assets				
- Non Derivative Financial Assets	63.40	–	–	63.40
Current Assets				
Investments	–	–	–	–
Trade Receivables	10,206.62	–	–	10,206.62
Cash and cash equivalents	325.22	–	–	325.22
Bank balances	338.50			338.50
Loans	10.04	–	–	10.04
Other Financial Assets				
- Non Derivative Financial Assets	430.27	–	–	430.27
Non-current Liabilities				
Borrowings	7,253.09			7,253.09
Current Liabilities				
Borrowings	1,044.67	–	–	1,044.67
Trade Payables	12,267.97	–	–	12,267.97
Other Financial Liabilities				
- Non Derivative Financial Liabilities	5,472.97	–	–	5,472.97

Rs. In Lakhs

Particulars	As at April 1, 2015 Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Loans	17.54	–	–	17.54
Other Financial Assets				
- Non Derivative Financial Assets	88.86	–	–	88.86
Current Assets				
Investments	–	–	–	–
Trade Receivables	3,546.62	–	–	3,546.62
Cash and cash equivalents	469.71	–	–	469.71
Bank balances	39.00	–	–	39.00
Loans	41.92	–	–	41.92
Other Financial Assets				
- Non Derivative Financial Assets	246.72	–	–	246.72
Non-current Liabilities				
Borrowings	5,095.85	–	–	5,095.85
Current Liabilities				
Borrowings	2,300.77	–	–	2,300.77
Trade Payables	3,839.02	–	–	3,839.02
Other Financial Liabilities				
- Non Derivative Financial Liabilities	4,356.11	–	–	4,356.11

CREDIT RISK

(i) Credit risk management

Rs. In Lakhs

Particulars	As at March 31, 2017 Not due	Less than 6 months past due	More than 6 months past due	Total
Expected loss rate	**0%**	**0%**	**5%**	
Gross carrying amount	**7,606.02**	**1,127.54**	**104.42**	**8,837.98**
Loss allowance provision	–	–	**5.37**	**5.37**

Rs. In Lakhs

Particulars	As at March 31, 2016 Not due	Less than 6 months past due	More than 6 months past due	Total
Expected loss rate	0%	0%	35%	
Gross carrying amount	9,781.14	357.71	104.87	10,243.72
Loss allowance provision	–	–	37.10	37.10

Rs. In Lakhs

Particulars	As at April 1, 2015 Not due	Less than 6 months past due	More than 6 months past due	Total
Expected loss rate	0%	0%	0%	
Gross carrying amount	2,699.36	763.45	83.81	3,546.62
Loss allowance provision	–	–	–	–

Reconciliation of loss allowance provision for Trade Receivables

Rs. In Lakhs

Particulars	**As at March 31, 2017**	As at March 31, 2016
Balance as at beginning of the year	**(37.10)**	–
Impairment losses recognised in the year based on lifetime expected credit losses		
- On receivables originated in the year	**–**	(11.01)
- Other receivables	**–**	(26.09)
Impairment losses reversed / written back	**31.73**	–
Balance at end of the year	**(5.37)**	(37.10)

The Concentration of credit risk is limited due to the fact that the customer base comprises largely of Mahindra group entities.

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 / 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.

Rs. In Lakhs

Particulars	Less than 1 year	1 year to 3 years	3 years to 5 years	5 years and above
Non-derivative financial liabilities				
As at March 31, 2017				
Non-interest bearing	**11,367.93**	–	–	–
Variable interest rate instruments	**3,540.75**	6,673.93	–	–
Fixed interest rate instruments	**1,861.78**	–	–	–
	16,770.46	**6,673.93**	–	–
As at March 31, 2016				
Non-interest bearing	13,354.00	–	–	–
Variable interest rate instruments	2,284.17	6,399.38	–	–
Fixed interest rate instruments	4,178.94	1,170.27	–	–
	19,817.11	7,569.65	–	–
As at April 1, 2015				
Non-interest bearing	4,855.00	–	–	–
Variable interest rate instruments	2,406.00	795.40	205.00	–
Fixed interest rate instruments	4,053.00	4,516.15	–	–
	11,314.00	5,311.55	205.00	–

(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 Lakhs

Particulars	Less than 1 year	1 year to 3 years	3 years to 5 years	5 years and above
Non-derivative financial liabilities				
As at March 31, 2017				
Non-interest bearing	**12,942.19**	–	–	6.09
Variable interest rate instruments	**1,000.14**	–	–	–
Fixed interest rate instruments	**281.62**	**77.77**	**39.17**	–
Total	**14,223.95**	**77.77**	**39.17**	**6.09**
As at March 31, 2016				
Non-interest bearing	10,953.60	–	–	6.09
Variable interest rate instruments	–	–	–	–
Fixed interest rate instruments	338.50	69.12	23.51	32.69
	11,292.10	69.12	23.51	38.78
As at April 1, 2015				
Non-interest bearing	4,301.58	–	–	17.54
Variable interest rate instruments	–	–	–	
Fixed interest rate instruments	26.51	90.68	40.18	34.29
	4,328.09	90.68	40.18	51.83

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

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.

Amt In Lakhs

Particulars	Currency	As at March 31,2017	As at March 31,2016	As at April 1, 2015
Trade Receivables	USD	**2.75**	1.55	6.79
	INR	**177.23**	102.19	420.55
Trade Payables	USD	**4.04**	2.53	3.99
	INR	**263.63**	168.65	249.21
	EUR	**0.29**	3.69	0.99
	INR	**20.03**	279.43	74.62
	GBP	**0.16**	0.34	–
	INR	**13.35**	32.76	–
	JPY	**83.00**	–	1.00
	INR	**48.55**	–	0.52
	KWR	**531.08**	4,617.45	–
	INR	**31.01**	270.58	–

Of the above foreign currency exposures, the following exposures are not hedged by a derivative:

Amt In Lakhs

Particulars	Currency	As at March 31,2017	As at March 31,2016	As at April 1, 2015
Trade Receivables	USD	**2.75**	1.55	6.79
	INR	**177.23**	102.19	420.55
Trade Payables	USD	**4.04**	2.53	3.99
	INR	**263.63**	168.65	249.21

Amt In Lakhs

Particulars	Currency	As at March 31,2017	As at March 31,2016	As at April 1, 2015
	EUR	**0.29**	3.69	0.99
	INR	**20.03**	279.43	74.62
	GBP	**0.16**	0.34	–
	INR	**13.35**	32.76	–
	JPY	**83.00**	–	1.00
	INR	**48.55**	–	0.52
	KWR	**531.08**	4,617.45	–
	INR	**31.01**	270.58	–

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD, EUR, GBP, JPY and KWR 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.

Rs. In Lakhs

Particulars	Currency	Change in rate	Effect on profit/(loss) before tax
As at March 31, 2017	**USD**	**10%**	**(8.64)**
		-10%	**8.64**
	EUR	**10%**	**(2.00)**
		-10%	**2.00**
	GBP	**10%**	**(1.33)**
		-10%	**1.33**
	KWR	**10%**	**(3.10)**
		-10%	**3.10**
	JPY	**10%**	**(4.85)**
		-10%	**4.85**

Rs. In Lakhs

Particulars	Currency	Change in rate	Effect on profit/(loss) before tax
As at March 31, 2016	USD	10%	(6.65)
		-10%	6.65
	EUR	10%	(27.94)
		-10%	27.94
	GBP	10%	(3.28)
		-10%	3.28
	KWR	10%	(27.06)
		-10%	27.06

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.

Interest rate risk

Interest rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rate for 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. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate loans and borrowings, as follows:

Rs. In Lakhs

Particulars	Currency	Increase / (decrease) in basis points	Effect on profit / (loss) before tax
31-Mar-17	**INR**	**100**	**(89.24)**
	INR	**(100)**	**89.24**
31-Mar-16	INR	100	(77.45)
	INR	(100)	77.45

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. 28 - Fair Value Measurement

a) Fair Valuation Techniques and Inputs used - recurring items

Financial assets measured at Fair Value:

Rs. In Lakhs

Particulars	Fair Value				
	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)
Financial assets					
a) Investments					
i) Mutual Fund investments	**1,000.14**	–	–	Level-1	Net Asset value published by Axis Liquid Fund and UTI Money Market Fund
	1,000.14	–	–		

b) Fair value of financial assets and financial liabilities that are not measured at fair value

Rs. In Lakhs

Particulars	Level	**As at March 31, 2017** Carrying amount	Fair value	As at March 31, 2016 Carrying amount	Fair value	As at April 1, 2015 Carrying amount	Fair value
a) Financial assets							
Financial assets carried at Amortised Cost							
Loans	**Level-3**	**9.10**	**9.10**	16.13	16.13	59.46	59.46
Trade Receivables	**Level-3**	**8,832.61**	**8,832.61**	10,206.62	10,206.62	3,546.62	3,546.62

Rs. In Lakhs

Particulars	Level	As at March 31, 2017 Carrying amount	Fair value	As at March 31, 2016 Carrying amount	Fair value	As at April 1, 2015 Carrying amount	Fair value
Cash and cash equivalents	**Level-1**	**470.88**	**470.88**	325.22	325.22	469.71	469.71
Bank balances	**Level-1**	**247.10**	**247.10**	338.50	338.50	39.00	39.00
Other Financial Assets							
- Non Derivative Financial Assets	**Level-3**	**3,744.60**	**3,744.60**	493.67	493.67	335.58	335.58
b) Financial liabilities							
Financial liabilities held at amortised cost							
Borrowings	**Level-3**	**6,145.58**	**6,145.58**	8,297.76	8,318.98	7,396.62	7,452.49
Trade Payables	**Level-3**	**9,955.27**	**9,955.27**	12,267.97	12,267.97	3,839.02	3,839.02
Other Financial Liabilities							
- Non Derivative Financial Liabilities	**Level-3**	**6,057.84**	**6,057.84**	5,472.97	5,472.97	4,356.11	4,356.11

Note No. 29 - Employee benefits

(a) Defined Contribution Plan:

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. Amount recognised as an expense in the Statement of Profit and Loss is Rs. 97.38 Lakhs. (Previous year Rs. 97.27 Lakhs).

(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:

1) Liability Risks

a. Asset-Liability Mismatch Risk:

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the company is successfully able to neutralize valuations wings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

b. Discount Rate Risk:

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practise can have a significant impact on the defined benefit liabilities.

c. Future Salary Escalation and Inflation Risk:

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

2) Asset Risks

All plan assets are maintained in a trust fund managed by a public sector insurer viz; LIC of India.LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years.

The company has opted for a traditional fund where in all assets are invested primarily in risk averse markets. The company has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claims settlement and hence 100% liquidity is ensured. Also interest rate and inflation risk are taken care of.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

	As per March 31, 2017	As per March 31, 2016	As per April 1, 2015
Discount rate	**7.30%**	8.10%	7.90%
Expected rate of salary increase			
Officers	**10.00%**	10.00%	10.00%
Associates	**8.00%**	8.00%	8.00%

Defined benefit plans as per actuarial valuation on 31st March, 2017

Rs. In Lakhs

Particulars	**Funded Plan - Gratuity** For the year ended March 31, 2017	For the year ended March 31, 2016
I(a). Expense recognised in the Statement of Profit and Loss for the year		
1) Current service cost	**42.67**	41.51
2) Past Service Credit	**–**	–
3) Interest cost	**13.67**	15.46
	56.34	56.97
I(b). Included in other Comprehensive Income		
1) Return on plan assets	**(0.51)**	2.64
2) Actuarial (Gain)/Loss on account of :		
- Demographic Assumptions	**–**	–
- Financial Assumptions	**8.28**	(8.45)
- Experience Adjustments	**(22.61)**	(73.47)
	(14.33)	(81.92)
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:	**(14.84)**	(79.28)

Rs. In Lakhs

Particulars	**Funded Plan - Gratuity** For the year ended March 31, 2017	For the year ended March 31, 2016
Service Cost		
Current Service Cost	**42.67**	41.51
Past service cost and (gains)/losses from settlements	**–**	–
Net interest expense	**13.67**	15.46

Rs. In Lakhs

Particulars	Funded Plan - Gratuity For the year ended March 31, 2017	For the year ended March 31, 2016
Components of defined benefit costs recognised in statement of Profit and Loss	**56.34**	56.97
Remeasurement on the net defined benefit liability		
Return on plan assets (excluding amount included in net interest expense)	**(0.51)**	2.64
Actuarial gains and loss arising form changes in financial assumptions	**8.28**	(8.45)
Actuarial gains and loss arising form experience adjustments	**(22.61)**	(73.47)
Components of defined benefit costs recognised in other comprehensive income	**(14.84)**	(79.28)
Total	**41.50**	(22.31)
I. Net Asset/(Liability) recognised in the Balance Sheet as at year end		
1. Present value of defined benefit obligation as at year end	**251.10**	227.71
2. Fair value of plan assets as at year end	**40.84**	58.95
3. Surplus/(Deficit)	**(210.26)**	(168.76)
4. Current portion of the above	**(30.00)**	(40.00)
5. Non current portion of the above	**(180.26)**	(128.76)
II. Change in the obligation during the year		
1. Present value of defined benefit obligation at the beginning of the year	**227.71**	256.79
2. Expenses Recognised in Statement of Profit and Loss		
- Current Service Cost	**42.67**	41.51
- Past Service Cost	**–**	–
- Interest Expense/(Income)	**17.53**	19.94
3. Recognised in Other Comprehensive Income		
Remeasurement gains/(losses)		
- Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions	**–**	–
ii. Financial Assumptions	**8.28**	(8.45)
iii. Experience Adjustments	**(22.61)**	(73.47)
4. Benefit payments	**(22.49)**	(8.61)
5. Present value of defined benefit obligation at the end of the year	**251.09**	227.71
III. Change in fair value of assets during the year		
1. Fair value of plan assets at the beginning of the year	**58.95**	56.29
2. Expenses Recognised in Statement of Profit and Loss		
- Expected return on plan assets	**3.86**	4.48
3. Recognised in Other Comprehensive Income		
Remeasurement gains/(losses)		
- Actual Return on plan assets in excess of the expected return	**0.51**	(2.64)
5. Contributions by employer (including benefit payments recoverable)	**–**	1.04
6. Benefit payments	**(22.49)**	(0.22)
7. Fair value of plan assets at the end of the year	**40.83**	58.95

Rs. In Lakhs

Particulars	Funded Plan - Gratuity For the year ended March 31, 2017	For the year ended March 31, 2016
IV. The Major categories of plan assets		
Fund managed by insurer	**100%**	100%
V. Actuarial assumptions		
1. Discount rate	**7.30%**	8.10%
2. Expected rate of return on plan assets	**8.10%**	8.75%
3. Attrition rate		
Officers	**13.00%**	9.00%
Associates	**0.00%**	0.00%
4. Medical premium inflation	**NA**	NA

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Rs. In Lakhs

Principal assumption	Year ended	Changes in assumption	Impact on defined benefit obligation Increase in assumption	Decrease in assumption
Discount rate	As at March 31, 2017	1%/-1%	(229.34)	277.20
	As at March 31, 2016	1%/-1%	(205.60)	254.20
	As at April 1, 2015	1%/-1%	(236.08)	281.81
Salary growth rate	As at March 31, 2017	1%/-1%	273.95	(231.64)
	As at March 31, 2016	1%/-1%	251.30	(207.58)
	As at April 1, 2015	1%/-1%	279.15	(237.85)
Withdrawal rate	As at March 31, 2017	1%/-1%	(252.57)	249.14
	As at March 31, 2016	1%/-1%	(224.94)	230.89
	As at April 1, 2015	1%/-1%	(253.79)	260.17

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. 30 Lakhs to the gratuity trusts during the next financial year ending March 31, 2018.

Mortality : It is assumed that the active members of the scheme will experience in-service mortality in accordance with the Indian Assured Lives Mortality (2006-08) ultimate (IALM ult). A sample pick from this table is given below:

Age	Mortality rate
21	0.092%
22	0.094%
23	0.096%
24	0.097%
25	0.098%

Age of the members at the valuation date is taken as their nearest age at that date.

Maturity profile of defined benefit obligation:

Rs. In Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Within 1 year	**20.37**	11.37	6.85
1 - 2 year	**23.12**	16.75	11.25

Rs. In Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
2 - 3 year	**27.62**	20.30	15.88
3 - 4 year	**29.97**	25.20	19.27
4 - 5 year	**36.12**	30.94	25.11
5 - 10 years	**244.25**	234.45	212.81

Plan Assets

The fair value of Company's pension plan asset as of March 31, 2017 is as follows:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Asset category:			
Cash and cash equivalents	**0%**	0%	0%
Debt instruments (quoted)	**0%**	0%	0%
Debt instruments (unquoted)	**0%**	0%	0%
Equity instruments (quoted)	**0%**	0%	0%
Deposits with Insurance companies	**100%**	100%	100%
Total	**100%**	100%	100%

VIII. Experience Adjustments :

Rs. In Lakhs

Particulars	Gratuity as at				
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
1. Defined Benefit Obligation	**251.09**	227.71	256.79	146.02	111.10
2. Fair value of plan assets	**40.83**	58.95	56.29	51.23	47.18
3. Surplus/(Deficit)	**(210.26)**	(168.76)	(200.50)	(94.79)	(63.92)
4. Experience adjustment on plan liabilities [(Gain)/Loss]	**(22.61)**	(73.47)	37.47	8.99	(4.09)
5. Experience adjustment on plan assets [Gain/(Loss)]	**(0.51)**	2.64	(1.83)	0.27	0.45

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. 30 - Related Party Disclosures:

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

Name of Related Party	Nature of Relationship
Mahindra & Mahindra Limited	Holding Company upto February 8, 2016 Ultimate Holding Company w.e.f. February 9, 2016
Mahindra Vehicle Manufacturers Limited	Holding Company from February 9, 2016

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

Name of Related Party	Nature of Relationship
1) Mahindra Logistics Limited	Fellow subsidiary
2) Mahindra Vehicle Manufacturers Limited	Fellow subsidiary upto February 8, 2016
3) Mahindra Trucks and Buses Limited	Fellow subsidiary
4) Mahindra Integrated Business Solutions Private Limited	Fellow subsidiary
5) Defence Land Systems India Limited	Fellow subsidiary
6) LORDS Freight (India) Private Limited	Fellow subsidiary
7) Mahindra Defence Systems Limited	Fellow subsidiary
8) Mahindra Two Wheelers Limited	Fellow subsidiary
9) Mr. Pankaj Sonalkar	Key Managerial Personnel (Managing Director upto April 24, 2015)

C) Related Party Transactions:

Rs. In Lakhs

Name of Related Party	Nature of Transactions	For the year ended March 31, 2017	For the year ended March 31, 2016
Mahindra & Mahindra Limited	Sale of goods	**6,872.70**	5,658.05
	Training and Seminar Expenses	**5.55**	3.80
	Excise Duty collected on CAS-4	**13.01**	–
	Staff welfare expenses paid	**1.32**	–
	Engineering testing expenses paid	**238.37**	–
	Purchase of property, plant and equipment	**40.69**	14.37
	Subscription to share capital	–	4,040.00
	Reimbursement of ESOP cost (Refer Note 3 below)	**63.62**	38.78
	Reimbursement of expenses received from Party	**108.90**	407.40
	Reimbursement of expenses paid	**587.39**	524.82
	Cenvat on capital goods paid	**117.79**	–
	Warranty claims received	**44.62**	–
	Deposits Received	–	2.00
	Deposits Returned	–	3.00
Mahindra Defence Systems Limited	Professional Fees paid	**0.46**	–
Mahindra Two Wheeler	Purchase of Vehicle	**9.25**	–
Mahindra Logistics Limited	Services received	**955.07**	531.34
Mahindra Vehicle Manufacturers Limited	Sale of Engines	**65,882.82**	39,430.27
	Excise Duty collected on CAS-4	**0.59**	–
	Purchase of Raw Material	–	2.12
	Subscription to share capital	**8,600.00**	–
	Reimbursement of expense paid	**624.06**	172.90
Mahindra Trucks and Buses Limited	Sales of Spares	**1,430.75**	1,306.94
	Excise Duty collected on CAS-4	**8.04**	–
Mahindra Integrated Business Solutions Private Limited	Professional fees paid	**6.18**	5.25
	Manpower cost paid	**21.56**	7.15
Defence Land Systems India Private Limited	Sale of Vehicle	–	14.88
LORDS Freight (India) Private Limited	Services received	**21.44**	1.79

D) Related Party Balances :

Rs. In Lakhs

Name of Related Party	Nature of Balances	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Mahindra & Mahindra Ltd.	Receivables	**1,474.69**	1,360.62	1,255.99
	Payables	**317.69**	106.06	77.22
Mahindra Defence Systems Ltd	Receivables	–	–	–
	Payables	**0.42**	–	–
Mahindra Two Wheeler	Receivables	–	–	–
	Payables	**9.25**	–	–
Mahindra Logistics Ltd.	Receivables	–	–	–
	Payables	**12.52**	150.32	41.52
Mahindra Vehicle Manufacturers Ltd.	Receivables	**7,137.62**	8,513.80	1,282.54
	Payables	–	–	–
Mahindra Trucks and Buses Limited	Receivables	**112.83**	190.89	85.32
	Payables	–	–	–
Mahindra Integrated Business Solutions Private Limited	Receivables	–	–	–
	Payables	**2.54**	2.04	0.58
Defence Land Systems India Private Limited	Receivables	–	–	7.41
	Payables	–	–	–
LORDS Freight (India) Private Limited	Receivables	–	–	–
	Payables	–	0.24	–

Notes :

1 Related Party Transactions for the period are at arm's length.

2 The amount outstanding is unsecured and will be settled in cash. No guarantee has been given or received. No expense has been recognised in current or prior years for bad and doubtful debts in respect of the amounts owed by the related party.

3 Represents costs reimbursed by the Company towards ESOP's granted by the ultimate holding Company, Mahindra & Mahindra Limited.

4 During the financial year ended March 31, 2016, Mahindra & Mahindra Limited had entered into a Share Purchase Agreement dated 21st December, 2015 for transfer of its entire shareholding in the Company to Mahindra Vehicle Manufacturers Limited. The said transfer was in principle approved by the Directorate of Industries, Government of Maharashtra.

Note No. 31 - Contingent liabilities and commitments:

1) Contingent Liabilities

Rs. In Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Claims against the company not acknowledged as debt:			
(i) Income Tax claims disputed by the company relating to disallowance of depreciation and amortisation on Technical Know-how	**11.14**	11.14	11.14
(ii) Excise duty claims disputed by the company relating to valuation rules	**1.88**	76.46	71.66

It is not practicable for the company to estimate the closure of the above issues and the consequential timing of cash flows, if any.

2) Commitments

(i) Estimated amount of contracts remaining to be executed on capital account and not provided:

Rs. In Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Estimated amount of contracts remaining to be executed on capital account and not provided	**2,979.67**	2,175.37	2,092.88
Advance paid	**709.84**	114.37	–
Estimated amount of contracts remaining to be executed on capital account and not provided (Net)	**2,269.83**	2,061.00	2,092.88

(ii) Other commitment:

Rs. In Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
The Company has obligation on account of Technical Know-how fees as below			
(i) 4 Cylinder Engine	**628.51**	642.66	606.95
(ii) 9.3 Litre Engine	**–**	2,003.10	–
	628.51	2,645.76	606.95

Note No. 32 - 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 Lakhs

Particulars	As at March 31, 2016	As at April 1, 2015
Equity* as reported under previous GAAP financial statements	**21,706.35**	19,813.74
Increase/(decrease) in equity on account of Ind AS Adjustments:		
Opening impact of April 1, 2015 carried forward to current year	**6.03**	–
Discounting of provision for warranty	**(4.39)**	6.91
Differential interest cost as per effective interest rate calculated for long term borrowing	**(35.33)**	**105.35**
De-recognition of exchange gain/loss in Property, plant and equipment	**0.99**	**(13.09)**
De-recognition of exchange gain/loss in Capital work-in-progress	**–**	(93.14)
Premium paid for Leasehold land classified as prepayment of lease debited to profit and loss	**(7.30)**	**–**
Reversal of amortisation expense of leasehold land	**7.30**	**–**
Equity as reported under Ind AS financial statements	**21,673.65**	19,819.77

* Equity comprises share capital and reserves

(ii) Reconciliation of total comprehensive income for the year ended March 31, 2016:

Rs. In Lakhs

Particulars	Year Ended March 31, 2016
Loss as reported under previous GAAP	(2,147.39)
Increase/(decrease) in equity on account of Ind AS Adjustments:	–
Premium paid for Leasehold land classified as prepayment of lease debited to profit and loss	(7.30)
Reversal of amortisation expense of leasehold land	7.30
Discounting of provision for warranty	(4.39)
Differential interest cost as per effective interest rate calculated for long term borrowing	(35.33)
De-recognition of exchange gain/loss in Property, plant and equipment	0.99
Remeasurements of the defined benefit plans classified as other comprehensive income	(79.28)
Total adjustment to profit or loss	(118.01)
Loss under Ind AS	(2,265.40)
Other comprehensive income	
Remeasurements of the defined benefit plans classified as other comprehensive income	79.28
Total comprehensive income under Ind AS	**(2,186.12)**

Note: Under previous GAAP, total comprehensive income was not reported. Therefore, the above reconciliation starts with loss under the previous GAAP.

(iii) Material adjustments to the statement of cash flows:

Rs. In Lakhs

Particulars	Year ended March 31, 2016		
	Previous GAAP	Ind AS Adjustments	Ind AS
Net cash flows from operating activities	1,927.12	–	1,927.12
Net cash flows from investing activities	(6,676.76)	–	(6,676.76)
Net cash flows from financing activities	4,605.15	–	4,605.15
Net increase (decrease) in cash and cash equivalents	(144.49)	–	(144.49)
Cash and cash equivalents at beginning of period	469.71	–	469.71
Cash and cash equivalents at end of period	**325.22**	**–**	**325.22**

Note No. 33 - Details of specificed bank notes (SBN) held and transacted during the period November 8, 2016 to December 30, 2016

Rs. In Lakhs

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	0.10	0.01	0.11
(+) Permitted receipts	–	0.60	0.60
(-) Permitted payments	–	0.18	0.18
(-) Amount deposited in Banks	0.10	–	0.10
Closing cash in hand as on December 30, 2016	–	0.43	0.43

Note No. 34 - Segment Reporting

The Company's business activity falls within a single business segment viz. manufacturing of engines and other auto components. All other activities of the Company revolve around its main business. Hence there are no separate reportable primary segments.

Rs. In Lakhs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Revenue from operations		
(i) Revenue from major products		
Engines	**66,636.89**	42,136.46
Long blocks and Spares	**1,564.10**	1,378.31
(ii) Other operating revenue	**3,803.80**	518.01
	72,004.79	44,032.78
Revenue from external customers		
India	**71,297.79**	43,505.42
Outside India	**707.00**	527.36
	72,004.79	44,032.78
All non-current assets of the Company are located in India		
Revenue from major customers		
Mahindra group entities	**69,307.35**	41,536.66
Others	**2,697.44**	2,496.12
	72,004.79	44,032.78

Note No. 35 - Leases

The supply arrangement between the Company and Mahindra Vehicle Manufacturers Limited (MVML) for the light engines (MFalcon) is classified as an operating lease in terms of Appendix C of Ind AS 17 Leases. In accordance with the arrangement, the payments made by MVML to the Company are only towards the purchase of engines and spare parts and not towards any lease arrangement and accordingly does not require separation of lease payments. The management has accordingly disclosed it as sale of products (Refer Note No. 20).

Note No. 36 - Commission to Independent Directors

Miscellaneous Expenses include Rs. 10.00 Lakhs (March 31, 2016: Rs. Nil) payable as Commission to Independent Directors subject to the approval of shareholders at the Annual General Meeting.

Note No. 37 -

No material events have occurred after the balance sheet date and up to the approval of the financial statements.

Note No. 38 -

The financial statements were approved for issue by the Board of Directors on April 27, 2017.

Note No. 39 -

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board

Sai Ganesh Iyer
CFO

Bharat Moossaddee
Director

Kiran Bade
Company Secretary

Vijay Kalra
Director

Place : Mumbai
Dated: April 27, 2017

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their Tenth Report along with the Audited Financial Statements of your Company for the Financial Year ended 31st March, 2017.

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

(Rs. in Lakh)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Total Income	**10,12,891**	9,11,931
Profit before Depreciation, Finance Costs and Taxation	**92,957**	66,971
Less: Depreciation & Amortization	**14,489**	13,656
Profit before Finance Costs and Taxation	**78,468**	53,315
Less: Finance Costs	**17,213**	10,293
Profit before Exceptional Item	**61,255**	43,022
Less : Exceptional Item	**34,727**	–
Profit before Tax	**26,528**	43,022
Less: Taxation	**24,024**	15,334
Profit for the Year	**2,504**	27,688
Other Comprehensive Income, net of tax	**(13)**	49
Total Comprehensive income for the period	**2,491**	27,737
Balance of Profit for earlier years	**76,770**	50,992
Profit for the Year	**2,504**	27,688
Less: Transfer to/(from) Debenture Redemption Reserve	**(2,288)**	(4,772)
Profit available for Appropriation	**81,562**	83,452
Less: Dividend on Equity Shares	**8,932**	5,552
Less: Income Tax on Dividend	**1,413**	1,130
Balance of Profit carried forward	**71,217**	76,770
Net worth	**4,62,384**	3,97,878

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 prepared in accordance with the Accounting Standards as notified under Section 133 of the Companies Act, 2013 ('the Act'). 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) Redemption of Debentures

During the year under review, 2600 8% Secured Unlisted Redeemable non-convertible debentures of the face value of Rs. 10 Lakh each aggregating to Rs. 260 crore were redeemed as per the terms of their issue.

3) Dividend and Reserves

Your Directors recommended a dividend @ 6.50% on 60,00,00,000 Preference Shares of Rs. 10 each on pro-rata basis, aggregating Rs. 64 Lakh (including dividend distribution tax of Rs. 11 Lakh).

Your Directors recommend a dividend of Re. 0.229 per Equity Share on 3,89,79,46,331 Fully Paid-up Equity Shares, aggregating Rs. 10,347 Lakh (including dividend distribution tax of Rs. 1,413 Lakh).

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

No amount is proposed to be transferred to any other reserves of the Company out of the profits for the year.

4) Operations

During the year 2016-17, 1,28,584 vehicles were produced as against 1,16,204 during the year 2015-16 (10.65% more as compared to the previous year).

The vehicles manufactured by your Company were exported to a number of countries. 8,669 number of vehicles were exported (through Mahindra & Mahindra Limited) as compared to 7,926 vehicles in FY16, an increase of 9.37% as compared to the previous year.

Your Company ensured that all expectations of customers were met in terms of volume and quality.

With the relentless focus on quality systems, your Company underwent surveillance audits for Quality Systems (ISO 9001-2015), Environment Management System (ISO 14001:2015); Occupational Health & Safety (BS OHSAS 18001:2007) & Information Security Management System (ISO 270001:2013). Your Company won several awards and recognitions during the year. Some of the prominent ones among them include New & Renewable Energy for Concentrated Solar Technology from MNRE (Ministry of Power, Coal & NRE), Quality Forum Awards, Kaizen, TPM Circle, India Skills National Competition, etc.

5) Share Capital

During the year under review, the Authorised Share Capital of your Company was increased from Rs. 5,000 crore to Rs. 6,500 crore comprising of 500 crore equity shares of Rs. 10 each and 150 crore preference shares of Rs. 10 each.

During the year under review, your Company allotted 73,56,96,331 equity shares of Rs. 10/- each on Rights basis and consequently, as at 31st March, 2017 the paid up capital of your Company was increased to Rs. 38,97,94,63,310 divided in to 3,89,79,46,331 equity shares of the face value of Rs. 10/- each.

Further, during the year under review, your Company allotted 60 Crore 6.5% Cumulative, Redeemable, Non - Convertible Preference Shares of the face value Rs. 10 each amounting to Rs 600 crore on rights basis.

6) Subsidiaries and Associate Companies

The following companies continued to be the subsidiaries/ associate company of your Company: -

- Mahindra Two Wheelers Limited
- Mahindra Heavy Engines Limited
- Mahindra Electric Mobility Limited (Formerly known as Mahindra Reva Electric Vehicles Limited)
- Mahindra Intertrade Limited ('MIL')
- Mahindra CIE Automotive Limited, a listed company, is an associate.

Mahindra Steel Service Centre Limited, Mahindra Electrical Steel Private Limited, Mahindra Auto Steel Private Limited and Mahindra MiddleEast Electrical Steel Service Centre (FZC), subsidiaries of MIL are step-down subsidiaries of the Company.

During the year under review, Mahindra MSTC Recycling Private Limited became a subsidiary of MIL and consequently, a step-down subsidiary of your Company.

Mahindra Two Wheelers Europe Holding S.a.r.l, Peugeot Motocycles S.A.S ('PMS'), Peugeot Motocycles Deutschland GmbH, Peugeot Motocycles Italia S.p.A ceased to be subsidiaries of your Company.

Jinan Qingqi Peugeot Motocycles Company Limited, a joint venture of PMS ceased to be a joint venture of PMS.

A report on the performance and financial position of each of the subsidiaries and associate and their contribution to the overall performance of the Company is provided in Form AOC -1, which is attached to the Financial Statements of the Company and forms part of this Report.

Demerger of Two-Wheeler Business of Mahindra Two Wheelers Limited ('MTWL'), a subsidiary and its merger into Mahindra & Mahindra Limited

MTWL is engaged in the businesses of manufacturing and selling of two wheelers ("Two Wheelers Business") and trading in spare parts and accessories ("Spares Business").

The past business strategy of MTWL was focused on addressing the mass two wheeler market. Given the market response, the Company has decided to make a strategy shift by focusing on the niche premium two wheeler segment.

Considering the present business environment, a Scheme of Arrangement between MTWL and Mahindra & Mahindra Limited ('M&M') and their respective Shareholders and Creditors ("Scheme") was announced on 3rd December, 2016, whereby MTWL would demerge the Two Wheeler Business and merge it into M&M. The Appointed Date of the Scheme is 1st October, 2016. In accordance with the Scheme, M&M shall allot 4,63,287 Ordinary (Equity) Shares of Rs. 5 each to Aay Kay Global and 40,601 Shares to Emerging India Fund, the shareholders of the Company (other than your Company which is a subsidiary of M&M), in the share exchange ratio of 1 fully paid-up Ordinary (Equity) Share of Rs.5 each for every 461 fully paid-up shares of Rs. 10 each held in MTWL. The proposed demerger would enable MTWL to streamline its operations by focusing on the Spares Business.

Pursuant to the directions of the National Company Law Tribunal, Mumbai Bench by its Order dated 5th April, 2017 a meeting of the Equity Shareholders of the Company has been convened on 13th June, 2017, for seeking approval of the shareholder to the aforesaid Scheme.

7) People

Your Company has over 7000 people on its rolls as at the close of the 2016-17. Your Company acknowledges its commitment to regional development and improving the standard of living of the people in the region.

8) Board of Directors

Presently the Board comprises of the following directors:

Director (DIN)	Designation	Executive/ Non-Executive Director	Independent/ Non-Independent Director
Dr. Pawan Kumar Goenka (DIN: 00254502)	Chairman	Non-Executive Director	Non-Independent
Mr. S. Durgashankar (DIN: 00044713) (w.e.f. 27th April, 2016)	Director	Non-Executive Director	Non-Independent
Mr. Pankaj Sonalkar (DIN: 02685465)	Whole-time Director & Chief Executive Officer w.e.f. 2nd May, 2017	Executive Director	Non-Independent
Ms. Smita Mankad (DIN: 02009838)	Independent Director	Non-Executive Director	Independent
Mr. Rahul Asthana (DIN: 00234247)	Independent Director	Non-Executive Director	Independent
Mr. Rajan Wadhera (DIN: 00416429) (w.e.f. 28th April, 2017)	Additional Director	Non-Executive Director	Non-Independent
Mr. Parag Shah (DIN: 00374944) (w.e.f. 2nd May, 2017)	Additional Director	Non-Executive Director	Non-Independent

Dr. Pawan Kumar Goenka retires by rotation at the 10th AGM and is eligible for reappointment.

At the 9th AGM held on 28th June, 2016, the appointment of Mr. S. Durgashankar as a Director was regularised.

Mr. P. N. Shah (DIN: 00056173) resigned from the directorship of your Company with effect from the end of business hours of 31st March, 2017 in view of his pre-occupation.

The Board places on record its sincere appreciation of the valuable contribution made by Mr. P. N. Shah during his association with the Company as its director and Chairman of the Nomination and Remuneration Committee and the CSR Committee.

Mr. Rajan Wadhera was appointed as an Additional Director w.e.f. 28th April, 2017 and Mr. Parag Shah was appointed as an Additional Director w.e.f. 2nd May, 2017. Notices, together with the requisite deposits have been received from a Member, proposing their appointment as Directors at the forthcoming AGM.

The earlier term of Mr. Pankaj Sonalkar as the Whole-time Director and Chief Executive Officer expired on 27th April, 2017. At the Board meeting held on 2nd May, 2017, Mr. Pankaj Sonalkar was appointed as the Whole-time Director and Chief Executive Officer of the Company w.e.f. 2nd May, 2017 for a period of one year, subject to the approval of the Shareholders.

Evaluation of Performance of Directors

Pursuant to the provisions of the Companies Act, 2013, the Board 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 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 including chairman.

9) Number of Board Meetings

During the year under review, the Board of Directors conducted five meetings on 27th April, 2016, 25th July, 2016, 20th October, 2016, 03rd December, 2016 and 23rd January, 2017.

Attendance of directors at Board meetings is as follows: -

S. No.	Name of Director	No. of Meetings attended
1.	Dr. Pawan Kumar Goenka	5
2.	Mr. P. N. Shah	4
3.	Mr. Nikhil Sohoni (up to 27th April, 2016)	–
4.	Mr. S. Durgashankar (w.e.f. 27th April, 2016)	2
5.	Mr. Pankaj Sonalkar	5
6.	Ms. Smita Mankad	5
7.	Mr. Rahul Asthana	5

10) Directors' Responsibility Statement

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

(i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(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 Act 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.

11) Appointments of/Changes in Key Managerial Personnel

Pursuant to the provisions of Section 203 of the Act, the following are the Key Managerial Personnel of your Company:-

The earlier term of Mr. Pankaj Sonalkar as the Whole-time Director & Chief Executive Officer expired on 27th April, 2017. Mr. Pankaj Sonalkar was appointed as the Whole-time Director & Chief Executive Officer w.e.f. 2nd May, 2017;

Mr. Dattatraya Nikam is the Chief Financial Officer;

Mr. Jignesh Parikh is the Company Secretary.

12) Committees of the Board

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

i) Corporate Social Responsibility Committee

The Committee consists of the following directors:

Mr. Rajan Wadhera – Chairman (Appointed w.e.f. 28th April, 2017)

Dr. Pawan Kumar Goenka

Mr. Rahul Asthana – Independent Director

During the year under review, the Committee met once, i.e. on 27th April, 2016.

Mr. P. N. Shah was a member and the Chairman of the Committee up to 31st March, 2017.

The particulars of the meeting attended by each of the Members are as follows: -

S. No.	Name of Director	No. of Meetings attended
1.	Mr. P. N. Shah	1*
2.	Dr. Pawan Kumar Goenka	1
3.	Mr. Rahul Asthana	1

* Resigned as a Director with effect from 31st March, 2017.

ii) Nomination and Remuneration Committee

The Committee consists of the following directors:

Mr. Rajan Wadhera – Chairman (Appointed w.e.f. 28th April, 2017)

Dr. Pawan Kumar Goenka

Ms. Smita Mankad – Independent Director

Mr. Rahul Asthana – Independent Director

Mr. P. N. Shah was a member and the Chairman of the Committee up to 31st March, 2017.

During the year under review, the Committee met twice, i.e. on 27th April, 2016 and 1st August, 2016.

The number of meetings attended by each of the Members is as follows:-

S. No.	Name of Director	No. of Meetings attended
1.	Mr. P. N. Shah	2*
2.	Dr. Pawan Kumar Goenka	1
3.	Ms. Smita Mankad	2
4.	Mr. Rahul Asthana	2

* Resigned as a Director with effect from 31st March, 2017.

iii) Audit Committee

The Committee consists of the following directors:

Ms. Smita Mankad – Chairperson and Independent Director

Mr. Rahul Asthana – Independent Director

Mr. S. Durgashankar (w.e.f. 27th April, 2016)

During the year under review, the Committee met four times, i.e. on 27th April, 2016, 25th July, 2016, 20th October, 2016 and 23rd January, 2017.

The number of meetings attended by each of the Members is as follows:-

S. No.	Name of Director	No. of Meetings attended
1.	Ms. Smita Mankad	4
2.	Mr. S. Durgashankar (w.e.f. 27th April, 2016)	1
3.	Mr. Rahul Asthana	4
4.	Mr. Nikhil Sohoni (up to 27th April, 2016)	–

iv) Committee for Strategic Investments

The Committee consists of the following directors:

Dr. Pawan Kumar Goenka - Chairman

Mr. S. Durgashankar (w.e.f. 27th April, 2016)

Ms. Smita Mankad – Independent Director

Mr. Rahul Asthana – Independent Director

During the year under review, the Committee met twice, i.e. on 27th April, 2016 and 23rd January, 2017.

The number of meetings attended by each of the Members is as follows:-

S. No.	Name of Director	No. of Meetings attended
1.	Dr. Pawan Kumar Goenka	2
2.	Mr. S. Durgashankar (w.e.f. 27th April, 2016)	–
3.	Ms. Smita Mankad	2
4.	Mr. Rahul Asthana	2
5.	Mr. Nikhil Sohoni (up to 27th April, 2016)	–

v) Meeting of Independent Directors

A meeting of the Independent Directors of the Company was held on 20th October, 2016 without the participation of the Chairman or any other director or 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.

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 Act.

13) Vigil Mechanism

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

14) Auditors

i) Statutory Auditors

M/s. Deloitte Haskins & Sells, Chartered Accountants, (ICAI registration Number 117365W) hold office till the conclusion of the 10th AGM.

As recommended by the Audit Committee, the Board has recommended the appointment of M/s B S R & Co., Chartered Accountants, (ICAI registration 10124800/W - 100022) as the statutory auditors of the Company for a term of five years, from the conclusion of the 10th AGM till the conclusion of 15th AGM subject to ratification by members at every AGM.

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

The members are requested to appoint M/s B S R & Co., Chartered Accountants, as the Auditors to hold office from the conclusion of the 10th AGM till the conclusion of 15th AGM and fix their remuneration.

There were no qualifications, reservations or adverse remarks made by the Statutory Auditors in their report for FY 2016-17.

ii) Secretarial Auditor

Your Company had appointed Mr. Sachin Bhagwat, a Company Secretary in Practice (Certificate of Practice No. 6029), as the Secretarial Auditor of the Company in accordance with Section 204 of the Act.

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

There were no qualifications, reservations or adverse remarks made by the Secretarial Auditors in his report for FY 2016-17.

iii) Cost Auditor

The Board had appointed Messrs. Dhananjay V. Joshi & Associates, Cost Accountants (Firm Registration Number: 000030), as Cost Auditor for conducting the audit of cost records of the Company for the Financial year 2016-17.

The Board of Directors on the recommendation of the Audit Committee, appointed Messrs. Dhananjay V. Joshi & Associates, Cost Accountants as Cost Auditors of the Company for the Financial Year 2017-18 pursuant to Section 148 of the Companies Act, 2013. Messrs. Dhananjay V. Joshi & Associates, have confirmed that their appointment is within the limits of section 141(3)(g) of the Companies Act, 2013 and have also certified that they are free from any 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 Auditors is required to be placed before the Members in the General Meeting for their ratification. Accordingly, a Resolution seeking Members' ratification for the remuneration payable to Messrs. Dhananjay V. Joshi & Associates, Cost Auditors would be included in the Notice convening the forthcoming General Meeting.

Reporting of frauds by Auditors

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

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

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

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

These policies are provided as Annexure IIA and IIB respectively and form part of this Report.

16) **Risk Management Policy**

Your Company had formulated a Policy for the management of risks, identifying therein the elements of risks including those, which in the opinion of the Board, may threaten the existence of the Company.

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

17) **Corporate Social Responsibility Policy**

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

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

For the Company, responsible business practices include being responsible for the Company's business processes, products, engaging in responsible relations with employees, customers and the community. Hence for the Company, CSR goes beyond just adhering to statutory and legal compliances, and creates social and environmental value for our key stakeholders.

CSR Policy

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

CSR Initiatives

During the year under review, your Company had worked on the following projects / activities as part of CSR:-

Project Bandhan - Antenatal Care Camp (58 camps), Cancer Camp (4 camps), AIDS Awareness campaign touching around (65000 people), Health camp for Nanhi Kalis (7 Camps), Support to Thalassemia patients & Plastic Surgery for Cleft lip & Pallet for children (2 Camps). Under Project Bandhan, the total number of beneficiaries till date rose to 24,942.

Education – Project Nanhi Kali, Infra development in school, AWIM (A World In Motion) a project to create awareness about automotive and auto passion in young age continued during the year and 1860 students benefited due to this initiative.

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

Project Vikas - ITI Development, River Cleaning, Infra support to Traffic Police and Rural area development of MIDC Road - Plantation/Branding & Road Safety. Construction of Toilets in ZP schools at Khed & Maval Taluka.

During the year under review, the Company spent an amount of Rs. 660 Lakh towards CSR activities, in compliance with the provisions of Section 135 of the Companies Act. Further details in the above matter are enclosed in the prescribed format as Annexure III to this Report.

18) **Internal Financial Controls**

Your Company had adopted an Internal Financial Control System, commensurate with the size, scale and complexity of its operations. Your Company conducts reviews, at regular intervals, to assess the adequacy of financial and operating controls for the business of the Company. Statutory Auditors have audited the Internal Financial Controls over Financial Reporting of the Company as of 31st March, 2017. Significant issues, if any, are brought to the attention of the Audit Committee. Statutory Auditors and internal auditors are invited to attend Audit Committee meetings. Corrective actions, if required, are being taken up immediately to ensure that the internal financial control system remains robust and as an effective tool.

19) **Safety, Health and Environment**

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

20) **Sustainability Initiative**

As an initiative towards making energy from renewable sources, your Company has installed 350KW PV cell solar operational since June'16 which has generated 3.49 Lakh Units in F-17.

2.1 MW Wind Mill Project expected to be operational in the next financial year.

Further, efforts towards conserving water continued during the year and water conservation leading to saving about 50000 CuM were implemented last year. The capacity enhancement projects which will lead to saving about 100000 CuM are under execution.

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

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

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

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

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

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

Pursuant to Regulations 34(3) and 53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 applicable to the Parent company, Mahindra & Mahindra Limited, the Company had availed of a loan of Rs. 1200 crore from Mahindra & Mahindra Limited in the previous year. The maximum amount due during the year under review in respect of the said loan was Rs. 1200 crore and the balance outstanding as on 31st March, 2017 was Rs. Nil.

Particulars of investments made and loans granted under Section 186 of the Act are given in Notes 7A forming part of financial statements.

24) 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 the Material Related Party Transactions referred to under section 188(1) of the Companies Act, 2013 are given in the prescribed form AOC – 2 as Annexure V and the same forms part of this Report.

25) Extract of Annual Return

Pursuant to Section 92(3) of the Act and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on 31st March, 2017 in form MGT 9 is attached herewith as Annexure VI and forms part of this report.

26) 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.

27) General

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

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

28) Acknowledgements

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

For and on behalf of the Board

Dr. Pawan Kumar Goenka
Chairman

Mumbai, 2nd May, 2017

ANNEXURE I

Form MR 3

SECRETARIAL AUDIT REPORT

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31 March, 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; **(Not applicable to the Company during the Audit period)**

(iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of foreign direct investment, overseas direct investment and external commercial borrowings; **(Not applicable to the Company during the audit period)**

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not applicable to the Company)**

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; **(Not applicable to the Company)**

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not applicable to the Company during the Audit period)**

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not applicable to the Company)**

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the audit period)**

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **(Not applicable to the Company)**

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company)** and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable to the Company)**

(vi) According to the information provided by the company, no other law was specifically applicable to the Company.

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

(i) Secretarial Standards issued by the Institute of Company Secretaries of India.

(ii) Listing Agreements entered into by the Company with the Stock Exchanges 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 events took place having major bearing on the Company's affairs, in pursuance of the above referred laws, rules, regulations, guidelines, standards:

I. The Company allotted 73,56,96,331 Equity shares of Rs. 10 each at par, aggregating to Rs. 7,35,69,63,310 on rights basis;

II. The members approved increase in the Authorised Share capital of the Company from Rs. 5,000 Crore comprising 500 crore equity shares of Rs. 10 each to Rs. 6,500 Crore comprising 500 crore equity shares of Rs. 10 each and 150 crore preference shares of Rs. 10 each.

Signature:

Sachin Bhagwat
ACS: 10189
CP: 6029

Place: Pune
Date: 20th April 2017

ANNEXURE II A

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

DEFINITIONS

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

"Board" means Board of Directors of the Company.

"Company" means Mahindra Vehicle Manufacturers Limited.

"Committee(s)" means Committees of the Board for the time being in force.

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

"HR" means the Human Resource department of the Company.

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

(i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or

Whole time Director (WTD)

(ii) Chief Financial Officer (CFO); and

(iii) Company Secretary (CS).

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

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

I. APPOINTMENT OF DIRECTORS

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

Removal of Directors

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

Senior Management Personnel

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

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

II. SUCCESSION PLANNING:

Purpose

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

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

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

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

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

Senior Management Personnel:

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

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

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

in order to ensure talent readiness as per a 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 architecture and processes to address these questions using the 3E approach:

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

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

For and on behalf of the Board

Dr. Pawan Kumar Goenka
Chairman

Mumbai, 2nd May, 2017

ANNEXURE II B

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

Purpose

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

Policy Statement

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

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

Non-Executive including Independent Directors

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

Executive Directors:

The remuneration to Chairman & Managing Director and Executive Director(s) shall be recommended by NRC to the Board. The remuneration may 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 the Company Secretary shall be determined and recommended to the Board by the NRC from time to time.

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

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

Employees

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

a. For all employees from Operational to Executive Band, we benchmark with a set of comparators from the same industry.

b. For Strategic band and above, we have a position-based approach and the comparator basket includes benchmarks from across relevant industries.

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

- Performance
- Potential
- Criticality
- Longevity in grade

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

For and on behalf of the Board

Dr. Pawan Kumar Goenka
Chairman

Mumbai, 2nd May, 2017

ANNEXURE III CSR DETAILS

Average Net profit for last 3 years: Rs. 32,934 Lakh

Prescribed CSR expenditure (2% of above average Net profit): Rs 659 Lakh

Total amount Spent for the Financial year: Rs. 660 lakh

Amount Unspent: Rs. Nil

Manner in which the amount spent during the financial year

Rupees in Lakh

CSR Project or Activity identified	Sector in which the project is identified	Projects or programme (1) Local area or other (2) Specify the State and district where projects or programs 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
Project Bandhan - Ante Natal Care Camp	1d - Health	Local - Tal-Khed - Mah	46	34	12	46	Through an implementing agency - MIMER Hospital, Sterling Hospital, Lokmanya Hospital, Surya Hospital, Lifepoint Hospital, Saiprasad, Skanray Tech
Project Bandhan - Cancer Screening Camp & Impact analysis	1d - Health	Local - Tal-Khed - Mah	5	4	1	5	Through an implementing agency -Uniq Hospital, Sevavardhini, Sant Dyaneshwar Hospital
Project Bandhan - Support to children - Thalessemia - Iron Chelation Therapy & Plastic Surgery and Blood Donation	1d - Health	Local -PCMC & Pune	19	19	-	19	Through an implementing agency -Ruby Hall Hospital & Sancheti Hospital
Project Bandhan - Health Camp for Nanhi Kali	1d - Health	Local - Tal-Khed - Mah	2	2	*	2	Through an implementing agency -Jehangir Hospital, Surya Hospital, Uniq Hospital
Project Prayas - AIDS Awareness Campaign	1d - Health	Local - Tal-Khed - Mah	22	18	4	22	Through an implementing agency -Yash Foundation, Saikrupa
Project Swachh Bharat Abhiyan & Impact Analysis	1d - Health	Local - Tal-Khed - Mah	2	2	*	2	Through an implementing agency -Sai Krupa, Sevavardhini
Education - AWIM (A World in Motion)	2a - Education	Local - Tal-Khed - Mah	7	5	2	7	Through an implementing agency -SAE, Sai Krupa, United Travels, Adhik Resorts
Education - Project Vikas (ITI Development)	2c - Education	Local - Tal-Khed - Mah	18	16	2	18	Through an implementing agency -Robotics & NC, Ignited Minds, Don Bosco, Niyo Engg, Sakal NIE, Weldcon
Education - Project Prakruti(Technical Education for girls)	2c - Education	Local - Tal-Khed - Mah	*	*	-	*	Through an implementing agency -Grooj Enterprises
Education - Screening & Nurturing Students- Mensa IQ	2a - Education	Local - Tal-Khed - Mah	8	8	-	8	Through an implementing agency -MENSA IQ
Road Safety Awareness - Education	2a - Education	Local - Tal-Khed - Mah	2	2	*	2	Through an implementing agency -Save Road Foundation, Theo Solution, ACP Vinayl
Support for Nehru Science Centre	2a - Education	Local-PCMC & Pune	1	1	-	1	Through an implementing agency -Jakhed Enterprises
Infra Development in schools	2a - Education	Local - Tal-Khed - Mah	17	17	-	17	Through an implementing agency -Usha Trading, Office Max Solution

Rupees in Lakh

CSR Project or Activity identified	Sector in which the project is identified	Projects or programme (1) Local area or other (2) Specify the State and district where projects or programs 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
PUC Camp	4a - Environment	Local - Tal-Khed - Mah	2	2	-	2	Through an implementing agency -Datta Borate
Hariyali - Tree Plantation	4a - Environment	Local - Tal-Khed - Mah	2	2	*	2	Through an implementing agency -Sai Krupa, Adhik Resorts
Beautification of MIDC Road & Impact analysis	10a - Rural Development	Local - Tal-Khed - Mah	21	21	-	21	Through an implementing agency -Jagdamba Landscapes, Sevavardhini
Infra Support to Police Dept	10a - Rural Development	Local - Tal-Khed - Mah	25	25	-	25	Through an implementing agency -Design Icon, APL Communication
Toilets in Khed & Maval villages - Schools	10a - Rural Development	Local - Tal-Khed - Mah	80	80	-	80	Through an implementing agency -Yog Engineering
Bio Gas Project	10a - Rural Development	Others	20	20	-	20	Through an implementing agency -Naandi Foundation
Project Nanhi Kali	2a - Education		241	241	-	241	Through an implementing agency -KCMET
Maharashtra State Women council	3b - Women Empowering		2	2	-	2	Through an implementing agency -Maharashtra State Women council
3 D Printing	2a - Education		15	15	-	15	Through an implementing agency -Naandi Foundation
Mumbai Public School	2a - Education		50	50	-	50	Through an implementing agency -Naandi Foundation
Wardha Farmer Family Project			53	53	-	53	Through an implementing agency -Naandi Foundation
Total			**660**	**639**	**21**	**660**	

* Amount less than Rs. 50,000

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

For and on behalf of the Board

Mr. Rajan Wadhera
Chairman of the CSR Committee

Mr. Pankaj Sonalkar
Whole-Time Director & CEO

Mumbai, 2nd May, 2017

ANNEXURE IV

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: Following are the major energy conservation projects executed during the year

- Fitment of VFDs in ETP Blower, BIW Fume extraction area, PMR hydraulic pump & UF Rinse Pump
- Installation of 18 Watt LED tube light (approx. 27000 nos) for task lighting.
- Installation of 36 Watt LED Office Lights (approx. 1400 nos)

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy: Rs 205 Lakh

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

- Likely savings in power consumption is estimated to be 9,87,000 units per

(d) Total energy consumption and energy consumption per unit of production as per Form-A of the Annexure to the Rules in respect of Industries specified in the Schedule: Not Applicable

B. TECHNOLOGY ABSORPTION Research & Development (R & D)

1. Areas in which Research & Development is carried out: Designing of New Vehicle
2. Benefits derived as a result of the above efforts: Developing new platform for vehicle
3. Future plan of action: Development activity to continue till the launch of Vehicle
4. Expenditure on R&D: Rs. 3,891 Lakh
5. Technology absorption, adaptation and innovation: NA
6. Imported Technology for the last 5 years: NA

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

Foreign Exchange earnings* – Rs. 24,489 Lakh (Rs. 26,885 Lakh in the previous year)

Foreign Exchange outgo** – Rs. 48,347 Lakh (Rs. 58,304 Lakh in the previous year)

* Represents the Income of US branch

** Includes expenditure of US branch

For and on behalf of the Board

Dr. Pawan Kumar Goenka
Chairman

Mumbai, 2nd May, 2017

ANNEXURE V

AOC - 2

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

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

2. Details of material contracts or arrangement or transactions at arm's length basis: **(Rs. in Lakh)**

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	Holding Company	1st April, 2016 to 31st March, 2017	Purchase of Material	64,584	NA	–
				Sale of Goods	991,446		
				Sale of Services	20,714		
2.	Mahindra Intertrade Limited	Fellow Subsidiary/ Subsidiary	1st April, 2016 to 31st March, 2017	Purchase of Material	11,161	NA	–
3.	Mahindra Logistics Limited	Fellow Subsidiary	1st April, 2016 to 31st March, 2017	Purchase of Services	6,724	NA	–
4.	Mahindra Heavy Engines Limited	Subsidiary	1st April, 2016 to 31st March, 2017	Purchase of Material	65,883	NA	–

For and on behalf of the Board

Dr. Pawan Kumar Goenka
Chairman

Mumbai, 2nd May, 2017

ANNEXURE VI

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)**	:	U34100MH2007PLC171151
ii.	**Registration Date**	:	25/05/2007
iii.	**Name of the Company**	:	Mahindra Vehicle Manufacturers 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. Contact: Mr. Dattatraya Nikam (CFO) Tel : 022-24905619
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 House, 46, Avenue 4, Street No.1, Banjara Hills Hyderabad -500 038 Tel: 040 - 23312454 Fax: 040 – 23311968 Email: 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	Passenger Cars	**29101**	**72.44%**
2	Commercial Vehicles	**29102**	**11.15%**

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and Address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% Holding*	Applicable Section
1	Mahindra & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai – 400 001	L65990MH1945PLC004558	Holding	100%	2(47)
2	Mahindra Intertrade Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018	U51900MH1978PLC020222	Subsidiary	100%	2(87)
3@	Mahindra Steel Service Centre Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018	U27100MH1993PLC070416	Subsidiary	61%	2(87)
4@	Mahindra Electrical Steel Private Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018	U27100MH2009PTC193205	Subsidiary	100%	2(87)
5@	Mahindra Auto Steel Private Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018	U27100MH2013PTC250979	Subsidiary	51%	2(87)

Sr. No.	Name and Address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% Holding*	Applicable Section
6@	Mahindra MiddleEast Electrical Steel Service Centre (FZC) SAIF Zone, P3 11/12, P.O. Box No. 8114, Sharjah, UAE	-	Subsidiary	90%	2(87)
7@	Mahindra MSTC Recycling Private Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018	U37100MH2016PTC288535	Subsidiary	50%	2(87)
8	Mahindra Two Wheelers Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018	U35911MH2008PLC185462	Subsidiary	92.25%	2(87)
9	Mahindra Heavy Engines Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018	U35914MH2007PLC169753	Subsidiary	100%	2(87)
10	Mahindra Electric Mobility Limited (formerly known as Mahindra Reva Electric Vehicles Limited) 122E, Bommasandra Industrial Area, Bommasandra, Bangalore KA560099	U34101KA1996PLC020195	Subsidiary	98.87%	2(87)
11	Mahindra CIE Automotive Ltd. Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018	L27100MH1999PLC121285	Associate	17.26%	2(6)

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

@ a subsidiary of Mahindra Intertrade Limited

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.	–	316,22,50,000	316,22,50,000	100	–	389,79,46,331	389,79,46,331	100	–
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any Other....	–	–	–	–	–	–	–	–	–
Sub–total (A)(1):	**–**	**316,22,50,000**	**316,22,50,000**	**100**	**–**	**389,79,46,331**	**389,79,46,331**	**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)	–	**316,22,50,000**	**316,22,50,000**	**100**	–	**389,79,46,331**	**389,79,46,331**	**100**	–
B. Public Shareholding									
1. Institutions	–	–	–	–	–	–	–	–	–
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) 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	
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)	–	**316,22,50,000**	**316,22,50,000**	**100**	–	**389,79,46,331**	**389,79,46,331**	**100**	–

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Mahindra & Mahindra Limited	316,22,49,994	100%	0	389,79,46,325	100%	0	–
2	Mahindra & Mahindra Limited jointly with Mr. Anand G. Mahindra*	1	0.00%	0	1	0.00%	0	–

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
3	Mahindra & Mahindra Limited jointly with Mr. Bharat Doshi*	1	0.00%	0	1	0.00%	0	–
4	Mahindra & Mahindra Limited jointly with Mr. A. K. Nanda*	1	0.00%	0	1	0.00%	0	–
5	Mahindra & Mahindra Limited jointly with Dr. Pawan Kumar Goenka*	1	0.00%	0	1	0.00%	0	–
6	Mahindra & Mahindra Limited jointly with Mr. Rajeev Dubey*	1	0.00%	0	1	0.00%	0	–
7	Mahindra & Mahindra Limited jointly with Mr. P. N. Shah*	1	0.00%	0	1	0.00%	0	–
TOTAL		**316,22,50,000**	**100%**	**0**	**389,79,46,331**	**100%**	**0**	–

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

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

Sr. No.		Shareholding at the beginning of the year		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 (M&M)	316,22,50,000	100%	*389,79,46,331	100%

* During the year, 73,56,96,331 Equity shares of Rs. 10 each were allotted for cash at par to M&M pursuant to Rights issues as follows: -

On 25th July, 2016 – 23,60,00,000 shares.

On 29th August, 2016 – 6,80,00,000 shares.

On 20th October, 2016 – 12,85,00,000 shares.

On 14th January, 2017 – 5,08,36,331 shares.

On 23rd January, 2017 – 7,30,00,000 shares.

On 08th March, 2017 – 12,14,00,000 shares.

On 31st March, 2017 – 5,79,60,000 shares.

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

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

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.		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
–	–	–	–	–	–

V. INDEBTEDNESS:

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

				Rs. In Lakh
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01.04.2016				
i) Principal Amount	75,953	139,806	–	215,759
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	3,230	2,224	–	5,454
Total (i+ii+iii)	79,183	142,030	–	221,213
Change in Indebtedness during the financial year				
+ Addition	6,876	2,07,289	–	2,14,164
- Reduction	35,687	2,26,261	–	2,61,949
Net Change	(28,811)	(18,973)	–	(47,784)
Indebtedness at the end of the financial year 31.03.2017				
i) Principal Amount	49,968	1,22,765	–	1,72,733
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	404	292	–	696
Total (i+ii+iii)	**50,372**	**123,058**	–	**1,73,429**

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 Mr. Pankaj Sonalkar (Whole-time Director & Chief Executive Officer)	Total Amount Rs. in Lakh
1.	Gross salary		
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	96	96
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1	1
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission - As % of profit - Others, specify	 – –	 – –
5.	Others, please specify Provident Fund and Other Funds	 3	 3
	Performance Bonus	34	34
	Total (A)	134	134
	Ceiling as per the Act	5% of the net profits of the Company – Rs. 2,935 lakh	

B. Remuneration of other directors

I. Independent Directors:-

Particulars of Remuneration	Name of Directors		Total Amount (Rs. in Lakh)
	Mr. Rahul Asthana	Ms. Smita Mankad	
Fee for attending board committee meetings	3	3	6
Commission	5	5	10
Others	–	–	–
Total (1)	8	8	16

II. Other Non-Executive Directors:-

Other Non-Executive Directors			Total Amount (Rs. in Lakh)
Fee for attending board/committee meetings	–	–	–
Commission	–	–	–
Others	–	–	–
Total (2)	–	–	–
Total B = (1+2)	8	8	16
Ceiling as per the Act 1% of the Net profits of the Company – Rs. 587 lakh			

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD **(Rs. in Lakh)**

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Company Secretary Mr Jignesh Parikh*	CFO Mr. Dattatraya Nikam	
1.	Gross salary (Rupees)			
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1	51	52
	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	 –	 4	 4
	Total	1	55	56

* Amount paid to Holding Company

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: None

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
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

Dr. Pawan Kumar Goenka
Chairman

Mumbai, 2nd May, 2017

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

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Mahindra Vehicle Manufacturers 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, in which are incorporated the Returns for the year ended on that date audited by the branch auditors of the Company's branch located at Michigan, USA.

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 standalone 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 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, and based on the consideration of reports of the branch auditors on financial information of the branches referred to in the other matters paragraph below, 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.

Other Matter

a) We did not audit the financial information of a branch included in the Ind AS financial statements of the Company whose financial information reflect total assets of Rs. 10,276 lakhs and Rs. 6,500 lakhs as at 31st March, 2017 and 31st March 2016 respectively and total revenues of Rs. 29,685 lakhs and Rs. 27,380 lakhs for the year ended on 31st March 2017 and 31st March 2016 respectively. The financial information of this branch has been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of this branch and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid branch, is based solely on the report of such branch auditors.

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

1. As required by Section 143 (3) of the Act, based on our audit and on the consideration of the report of the branch auditor on the separate financial information of the branch, referred to in the other matters paragraph above 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 proper returns adequate for the purposes of our audit have been received from the branch not visited by us.

c) The reports on the accounts of the branch office of the Company audited under Section 143 (8) of the Act by the branch auditors have been sent to us and have been properly dealt with by us in preparing this report.

d) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account and with the returns received from the branch not visited by us.

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

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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 46 in 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 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 (and branch auditors) by the Management. (Refer note 13 in 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 Registration No. 117366W)

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

Mumbai, 2nd May, 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls over financial reporting of **Mahindra Vehicle Manufacturers Limited** ("the Company") as of 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 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 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 Registration No. 117366W)

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

Mumbai, 2nd 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)

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   (b) The Company has a program of physical verification of fixed assets whereby fixed assets are physically verified once every three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, physical verification was conducted in the previous year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

   (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed/ transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the March 31, 2017. In respect of immovable property of buildings included in Property, Plant and Equipment in the financial statements, have been constructed on land taken on lease, in respect of which the lease agreements are in the name of the Company.

2. As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

3. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Act.

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 Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

5. According to the information and explanations given to us, the Company has not accepted any deposits during the year within the meaning of provisions of section 73 to 76 or any other relevant provision of the Act and the rules framed thereunder. Hence reporting under clause (v) of the Order is not applicable.

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

7. According to the information and explanations given to us, in respect of statutory dues:

   (a) The Company has 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.

   (c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax which have not been deposited as on March 31, 2017 on account of disputes except as below.

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (Rs. in lakhs)	Amount Unpaid (Rs. in lakhs)
The Central Excise Act, 1944	Excise Duty	The Company has filed an appeal with Customs, Excise and Service Tax Appellate Tribunal (CESTAT).	2012 to 2014	1,001	972

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 and dues to debenture holders. The Company has not taken any loans or borrowings from financial institutions and government.

9. In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were raised. During the year, the Company has not raised money by way of initial public offer or further public offer (including debt instruments).

10. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

11. In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

12. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

13. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 188 and 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

14. During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

15. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.

16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

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

Mumbai, 2nd May, 2017

BALANCE SHEET AS AT 31ST MARCH, 2017

Rs. in Lakhs

Particulars	Note No.	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
A ASSETS				
1 Non-current assets				
(a) Property, Plant and Equipment	5	**161,777**	168,806	155,289
(b) Capital work-in-progress		**1,158**	2,229	11,808
(c) Intangible assets	6	**616**	697	452
(d) Intangible assets under Development		**5,287**	1,396	–
(e) Financial Assets				
(i) Investments	7 A	**331,974**	384,560	–
(ii) Loans	8	**2,000**	2,300	–
(iii) Other Financial Assets	9	**81**	76	62
(f) Income Tax Assets (Net)		**8,703**	7,176	7,655
(g) Deferred Tax Assets - Others	21 B	**1,319**	321	–
(h) Other non-current assets	10	**71,359**	61,226	82,044
Total Non-Current Assets		**584,274**	628,787	257,310
2 Current assets				
(a) Inventories	11	**48,486**	65,361	38,320
(b) Financial Assets				
(i) Investments	7 B	**2,001**	6,006	–
(ii) Trade receivables	12	**83,501**	92,197	31,891
(iii) Cash and cash equivalents	13	**4,576**	7,379	4,057
(iv) Other Bank Balances	13	**–**	–	–
(v) Loans	14	**11**	18	22
(vi) Other Financial Assets	15	**1,221**	819	424
(c) Other current assets	16	**50,511**	29,356	30,171
(d) Assets held for distribution	40	**80,493**	–	–
Total Current Assets		**270,800**	201,136	104,885
Total Assets (1+2)		**855,074**	829,923	362,195
B EQUITY AND LIABILITIES				
1 Equity				
(a) Equity Share Capital	17	**389,795**	316,225	96,225
(b) Other Equity	18	**78,432**	83,686	62,691
Total equity		**468,227**	399,911	158,916
LIABILITIES				
2 Non-current liabilities				
(a) Financial Liabilities				
(i) Borrowings	19	**109,968**	169,956	25,989
(b) Provisions	20	**3,437**	2,969	2,590
(c) Deferred tax liabilities (Net)	21 A	**17,776**	17,776	17,222
Total Non-Current Liabilities		**131,181**	190,701	45,801
3 Current liabilities				
(a) Financial Liabilities				
(i) Borrowings	22	**62,765**	19,806	15,784
(ii) Trade payables	23	**160,213**	165,900	90,443
(iii) Other Financial Liabilities	24	**25,106**	45,932	47,680
(b) Provisions	25	**1,232**	936	205
(c) Current Tax Liabilities (Net)		**2,787**	1,612	–
(d) Other current liabilities	26	**3,563**	5,125	3,366
Total Current Liabilities		**255,666**	239,311	157,478
Total Equity and Liabilities (1+2+3)		**855,074**	829,923	362,195

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

H. L. Shah
Partner

Place: Mumbai
Date: 2nd May, 2017

Pankaj Sonalkar
CEO & Director
DIN: 02685465

Dattatraya Nikam
CFO

Jignesh Parikh
Company Secretary

For and on behalf of the Board

Dr. Pawan Kumar Goenka	DIN : 00254502	Directors
Rajan Wadhera	DIN : 00416429	
Smita Mankad	DIN : 02009838	
Rahul Asthana	DIN : 00234247	

Place: Mumbai
Date: 2nd May, 2017

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

Rs. in Lakhs

Particulars	Note No.	**For the year ended 31st March, 2017**	For the year ended 31st March, 2016
Revenue from operations	27	**1,008,911**	910,418
Other Income	28	**3,980**	1,513
Total Income		**1,012,891**	911,931
Expenses			
(a) Cost of materials consumed	29	**678,513**	632,715
(b) Changes in stock of finished goods and work-in-progress	30	**8,877**	(11,264)
(c) Excise duty		**163,113**	157,348
(d) Employee benefits expense	31	**34,869**	31,474
(e) Finance costs	32	**17,213**	10,293
(f) Depreciation and amortisation expense	5 & 6	**14,489**	13,656
(g) Other expenses	33	**34,562**	34,687
Total Expenses		**951,636**	868,909
Profit/(loss) before exceptional item & tax		**61,255**	43,022
Exceptional Item	41	**34,727**	–
Profit/(loss) before tax		**26,528**	43,022
Tax expense			
(1) Current tax		**25,038**	15,127
(2) Deferred tax		**(1,014)**	207
Total tax expense		**24,024**	15,334
Profit/(loss) for the year		**2,504**	27,688
Other comprehensive income			
A (i) Items that will not be reclassified to profit or loss			
(a) Remeasurements of the defined benefit liabilities/(asset)		**(20)**	75
(ii) Income tax relating to items that will not be reclassified to P&L		**7**	(26)
Total comprehensive income for the period		**2,491**	27,737
Earnings per equity share (Face Value Rs. 10 each):	43		
(1) Basic		**0.07**	2.30
(2) Diluted		**0.07**	2.30

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

H. L. Shah
Partner

Place: Mumbai
Date: 2nd May, 2017

Pankaj Sonalkar
CEO & Director
DIN: 02685465

Dattatraya Nikam
CFO

Jignesh Parikh
Company Secretary

For and on behalf of the Board

Dr. Pawan Kumar Goenka	DIN : 00254502	Directors
Rajan Wadhera	DIN : 00416429	
Smita Mankad	DIN : 02009838	
Rahul Asthana	DIN : 00234247	

Place: Mumbai
Date: 2nd May, 2017

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

Rs. in Lakhs

	For the year ended 31st March, 2017		For the year ended 31st March, 2016	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit before exceptional item and tax:		**61,255**		43,022
Adjustment for:				
Depreciation and amortisation of non-current assets	**14,489**		13,656	
(Profit)/Loss on exchange (Net)	**23**		–	
Finance costs recognised in profit or loss	**17,213**		10,293	
(Profit)/Loss on sale of fixed assets	**(8)**		6	
Investment income recognised in profit or loss	**(3,198)**		(872)	
		28,519		23,083
Operating profit before Working Capital changes		**89,774**		66,105
Movements in working capital:				
(Increase)/decrease trade and other receivables	**8,282**		(59,981)	
(Increase)/decrease in inventories	**16,875**		(27,041)	
(Increase)/decrease in other assets	**(30,484)**		21,593	
Increase/(decrease) in trade and other payables	**(5,687)**		74,142	
Increase/(decrease) in provisions	**744**		845	
Increase/(decrease) in other liabilities	**8,726**		2,759	
		(1,544)		12,317
Cash generated from operations		**88,230**		78,422
Income taxes paid		**(25,390)**		(12,682)
Net Cash from operating activities		**62,840**		65,740
B. CASH FLOW FROM INVESTING ACTIVITIES				
Payments for property, plant and equipment	**(10,921)**		(16,282)	
Proceeds from disposal of property, plant and equipment	**25**		18	
Payments to purchase investments	**(650,000)**		(458,200)	
Proceeds on sale of investments	**654,663**		452,552	
Payments to acquire long term investments	**(62,334)**		(386,860)	
Proceeds on sale of long term investments	**–**		–	
Acquisition of branch	**–**		(1,812)	
Decrease in margin money account	**14**		–	
Interest/dividend received	**2,082**		139	
Net Cash from/used in investing activities		**(66,471)**		(410,445)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of equity instruments of the Company	**76,170**		220,000	
Proceeds from Long term borrowings	**60,000**		170,000	
Repayment of Long term borrowings	**(146,000)**		(30,268)	
Proceeds from Short term borrowings	**139,252**		128,949	
Repayment of Short term borrowings	**(96,293)**		(124,927)	

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017 (CONTD).

				Rs. in Lakhs
		For the year ended 31st March, 2017		For the year ended 31st March, 2016
Dividends paid to owners of the Company (including dividend distribution tax)	**(10,345)**		(6,682)	
Interest paid	**(21,956)**		(9,101)	
Net Cash from/used in financing activities		**828**		347,971
D. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(2,803)**		3,266
Cash and cash equivalents at the beginning of the year		**7,379**		4,057
Cash on branch acquisition		**–**		56
Cash and cash equivalents at the end of the year		**4,576**		7,379

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

H. L. Shah
Partner

Place: Mumbai
Date: 2nd May, 2017

Pankaj Sonalkar
CEO & Director
DIN: 02685465

Dattatraya Nikam
CFO

Jignesh Parikh
Company Secretary

For and on behalf of the Board

Dr. Pawan Kumar Goenka	DIN : 00254502	Directors
Rajan Wadhera	DIN : 00416429	
Smita Mankad	DIN : 02009838	
Rahul Asthana	DIN : 00234247	

Place: Mumbai
Date: 2nd May, 2017

STATEMENT OF CHANGES IN EQUITY

Rs. in Lakhs

A. Equity Share Capital	**As at 31st March, 2017**	As at 31st March, 2016	As at 1st April, 2015
Issued and Subscribed:			
Balance as at the beginning of the year	**316,225**	96,225	96,225
Add:			
Shares issued	**73,570**	220,000	–
Balance as at the end of the year	**389,795**	316,225	96,225

B. Other Equity

Rs. in Lakhs

		Reserves and Surplus			Items of Other Comprehensive Income	
	Share Application Money	Debenture Redemption Reserve (DRR)	Capital Reserve	Retained earnings	Remeasurements of the defined benefit liabilities/ (asset)	Total
Balance as at April 1, 2016	–	6,927	(60)	76,770	49	83,686
Profit for the year	–	–	–	2,504	–	2,504
Other comprehensive income for the year, net of income tax	–	–	–	–	(13)	(13)
Payment of dividends (Rs. 0.743 per share)	–	–	–	(8,932)	–	(8,932)
Tax on Dividend	–	–	–	(1,413)	–	(1,413)
Created on acquisition of business	–	–	–	–	–	–
Amount transferred from DRR	–	(6,500)	–	6,500	–	–
Amount transferred to DRR	–	4,212	–	(4,212)	–	–
Share Application Money Pending Allotment	2,600	–	–	–	–	2,600
Balance as at March 31, 2017	**2,600**	**4,639**	**(60)**	**71,217**	**36**	**78,432**

Rs. in Lakhs

		Reserves and Surplus			Items of Other Comprehensive Income	
	Share Application Money	Debenture Redemption Reserve	Capital Reserve	Retained earnings	Remeasurements of the defined benefit liabilities/ (asset)	Total
Balance as at April 1, 2015	–	11,699	–	50,992	–	62,691
Profit for the year	–	–	–	27,688	–	27,688
Other comprehensive income for the year, net of income tax	–	–	–	–	49	49
Payment of dividends (Rs. 0.577 per share)	–	–	–	(5,552)	–	(5,552)
Tax on Dividend	–	–	–	(1,130)	–	(1,130)
Created on acquisition of business	–	–	(60)	–	–	(60)
Amount transferred from DRR	–	(6,750)	–	6,750	–	–
Amount transferred to DRR	–	1,978	–	(1,978)	–	–
Balance as at March 31, 2016	–	**6,927**	**(60)**	**76,770**	**49**	**83,686**

STATEMENT OF CHANGES IN EQUITY (CONTD).

Description of the nature and purpose of Other Equity

Share Application Money:

Share Application Money pending allotment: As at 31st March, 2017, the Company has received an amount of Rs. 2600 lakhs towards share application money towards equity shares of the Company (As at 31st March, 2016- Rs. Nil & as at 1st April, 2015 - Rs. Nil towards equity shares). The share application money was received pursuant to an invitation to offer shares. The Company has sufficient authorised capital to cover the allotment of these shares.

Debenture Redemption Reserve:

Debenture Redemption Reserve has been created as applicable under the Companies Act, 2013.

Capital Reserve:

Capital Reserve represents reserve created on acquisition of entire business of Mahindra North America Technical Centre, Inc. (MNATC)

Particulars	**31st March, 2017**	31st March, 2016	1st April, 2015
Proposed dividends on Equity shares			
Final dividend for the year ended on 31st March 2017: Rs. 0.229 per share (31st March 2016 - Rs. 0.743 per share) (1st April, 2015 - Rs.0.577 per share)	**8,934**	8,932	5,552
Dividend Distribution Tax on proposed dividend	**1,413**	1,413	1,130
	10,347	10,345	6,682

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 31st March.

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

H. L. Shah
Partner

Place: Mumbai
Date: 2nd May, 2017

Pankaj Sonalkar
CEO & Director
DIN: 02685465
Dattatraya Nikam
CFO
Jignesh Parikh
Company Secretary

For and on behalf of the Board

Dr. Pawan Kumar Goenka DIN : 00254502
Rajan Wadhera DIN : 00416429
Smita Mankad DIN : 02009838
Rahul Asthana DIN : 00234247
Directors

Place: Mumbai
Date: 2nd May, 2017

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

NOTE 1 – COMPANY OVERVIEW

Mahindra Vehicle Manufacturers Limited is a Company incorporated and domiciled in India having its registered office in Mumbai. The Company is in the business of manufacture of passenger cars, medium and heavy commercial vehicles and construction equipments. These financial statements correspond to the stand alone financial statements of the Company.

The immediate parent Company is Mahindra & Mahindra Limited, a company incorporated in India.

The Company has elected not to prepare consolidated financial statements in accordance with Ind AS 110 and Companies (Accounts) Rules 2014, as amended. The 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, joint ventures and associates is provided in note no. 34.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES :

(A) Statement of Compliance:

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. Upto the year ended 31st March 2016, the company has prepared its financial statements 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 No - 4.

The financial statements were approved by the Board of Directors and authorised for issue on 2nd May, 2017.

(B) Functional and presentation currency :

The financial statements are presented in Indian Rupees (INR or 'Rs.') which is also the Company's functional currency. All values are rounded to the nearest lakhs, unless otherwise stated.

(C) Basis of preparation:

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

(D) Use of estimations & 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.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

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:

Property, Plant and Equipment – Note 2 (F)

Obligations relating to employee defined benefits – Note 37

Impairment of Investment – The Company reviews its carrying value of Investments carried at Cost annually – Note 41.

(E) Measurement of fair values :

A number of the Company's accounting policies and disclosures require the measurement of fair values. 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 cash flow 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:

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 or liability that are not based on observable market data (unobservable inputs).

(F) Property, Plant & Equipment :

(a) Property, Plant & Equipments are carried at cost less depreciation. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use. When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit (including capital profit) or loss, if any, is reflected in the Statement of Profit and Loss.

(b) Depreciation on assets is calculated on Straight Line Method at the rates and in the manner prescribed in Schedule II to the Companies Act, 2013, except in respect of the following categories of assets , in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc. :

(1) Certain items of Plant and Machinery individually costing more than Rs. 5,000 - over their useful lives (2 years, 3 years, 5 years, 8 Years, 10 years, 20 years or 25 years as the case may be) as determined by the Company.

(2) Roads - over their useful life (15 years) as determined by the Company.

(3) Cars and Vehicles – over their useful life (5 years) as determined by the Company.

(4) Assets individually costing upto Rs. 5000 over a period of 12 months.

(G) Intangible Assets :

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

(a) License Fee :

The expenditure incurred is amortised over the estimated period of benefit, not exceeding five years commencing with the year of purchase of License.

(b) Technical Know-how fees :

The expenditure incurred on technical services and other project/product related expenses are amortised over the estimated period of benefit, not exceeding five years.

(c) Software Expenditure :

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

(H) 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 (FVTPL)) 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 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 :

- 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.

Current Investments have been classified at Fair value through profit and loss.

Impairment of financial assets: The Company applies the expected credit loss model for recognising impairment loss on financial assets.

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 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 is recognised at the proceeds received, net of direct issue costs.

Financial Liabilities: All financial liabilities are measured at amortised cost using the effective interest method or at FVTPL.

Offsetting: Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

Investments in subsidiaries, associates and joint ventures: The Company accounts for its investments in subsidiaries, associates and joint venture at cost.

(I) Inventories :

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

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

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

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

(J) Foreign Exchange Transactions :

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Monetary items are translated at the year-end rates. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of monetary items at the end of the year is recognised as income or expense, as the case may be. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(K) Revenue Recognition :

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for customer returns, rebates and other similar allowances. Sales of products and services are recognised when the products are shipped or services rendered. Excise duty recovered on sales is included in "Revenue from Operations".

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 and dividend income from investments in shares is recognised when the owner's right to receive the payment is established.

(L) Government Grants :

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

(M) Employee Benefits :

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

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

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

(N) Borrowing Costs :

Borrowing costs directly attributable to the acquisition or construction of assets that necessarily take a substantial period of time to get ready for their intended use, are capitalised as part of the cost of such assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(O) Taxes on Income :

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

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

NOTE 3 – RECENT ACCOUNTING PRONOUNCEMENTS

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

Note 4 – FIRST TIME ADOPTION OF IND AS

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, Ind AS 101 provides certain optional exemptions which have been considered by the Company as detailed below.

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

The Company has not availed the exemption available to measure property, plant and equipment at its previous GAAP carrying value at the date of transition as the deemed cost on transition date.

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.

Reconciliation between previous GAAP and Ind AS

(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	**389,967**	152,055
Ind AS: Adjustments increase (decrease):		
Reversal of Proposed Dividend including tax thereon	**9,941**	6,682
Effective Interest Rate impact on Non-convertible Debentures (Net of Tax)	**89**	199
Other Adjustments#	**(26)**	(20)
Capital Reserves on common control transaction	**(60)**	–
Equity as reported under Ind AS	**399,911**	158,916

Other adjustments mainly include fair value of current financial instruments, amortisation of investment in Sai Wardha Power etc.

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

Particulars	Year Ended 31st March 2016
Profit or Loss as per previous GAAP	27,852
Ind AS: Adjustments increase (decrease):	
Effective Interest Rate impact on Non-convertible Debentures (Net of Tax)	(110)
Other Adjustments#	(5)
Reclassification of actuarial loss / (gain), arising in respect of employee benefit schemes, to Other Comprehensive Income (OCI)	(49)
Total adjustment to profit or loss	**(164)**
Profit or Loss under Ind AS	**27,688**
Other comprehensive income	49
Total comprehensive income under Ind AS	**27,737**

Other adjustments mainly include fair value of current financial instruments, amortisation of investment in Sai Wardha Power etc.

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	Other Adjustments*	Ind AS
Net cash flows from operating activities	65,818	78	65,740
Net cash flows from investing activities	(410,523)	(78)	(410,445)
Net cash flows from financing activities	347,971	–	347,971
Net increase (decrease) in cash and cash equivalents	3,266	–	3,266
Cash and cash equivalents at beginning of year	4,057	–	4,057
Cash on Branch Acquisition	56	–	56
Cash and cash equivalents at end of year	7,379	–	7,379

* Other Adjustment includes leasehold land treatment as operating lease

NOTE 5 – PROPERTY, PLANT & EQUIPMENT

Rs. in Lakhs

Description of Assets	Land - Freehold	Buildings	Plant and Equipment	Office Equipment	Furniture and Fixtures	Leasehold Improvements	Vehicles	Total
(I) Cost								
Balance as at 1st April, 2016	151	104,340	115,773	4,904	3,148	191	1,396	229,903
Additions	–	1,681	4,516	298	137	–	327	6,959
Acquisitions through business combinations	–	–	–	–	–	–	–	–
Disposals	–	–	1	–	–	–	150	151
Balance as at 31st March, 2017	**151**	**106,021**	**120,288**	**5,202**	**3,285**	**191**	**1,573**	**236,711**
(II) Accumulated depreciation								
Balance as at 1st April, 2016	–	16,093	39,561	3,560	1,053	79	751	61,097
Depreciation expense for the year	–	3,671	9,066	568	381	38	247	13,971
Acquisitions through business combinations	–	–	–	–	–	–	–	–
Eliminated on disposal of assets	–	–	1	–	–	–	133	134
Balance as at 31st March, 2017	**–**	**19,764**	48,626	**4,128**	**1,434**	**117**	**865**	**74,934**
Carrying amount(I-II)								
Balance as at 31st March, 2017	**151**	**86,257**	**71,662**	**1,074**	**1,851**	**74**	**708**	**161,777**
Balance as at 31st March, 2016	151	88,247	76,212	1,344	2,095	112	645	168,806

Rs. in Lakhs

Description of Assets	Land - Freehold	Buildings	Plant and Equipment	Office Equipment	Furniture and Fixtures	Leasehold Improvements	Vehicles	Total
(I) Cost								
Balance as at 1st April, 2015	–	92,231	103,019	4,222	2,349	–	1,244	203,065
Additions	57	11,735	12,559	446	678	1	181	25,657
Acquisitions through business combinations	94	374	195	236	121	190	32	1,242
Disposals	–	–	–	–	–	–	61	61
Balance as at 31st March, 2016	**151**	**104,340**	**115,773**	**4,904**	**3,148**	**191**	**1,396**	**229,903**
(II) Accumulated depreciation								
Balance as at 1st April, 2015	–	12,690	31,047	2,794	702	–	543	47,776
Depreciation expense for the year	–	3,401	8,487	715	329	38	242	13,212
Acquisitions through business combinations	–	2	27	51	22	41	3	146
Eliminated on disposal of assets	–	–	–	–	–	–	37	37
Balance as at 31st March, 2016	**–**	**16,093**	**39,561**	**3,560**	**1,053**	**79**	**751**	**61,097**
Carrying amount(I-II)								
Balance as at 31st March, 2016	**151**	**88,247**	**76,212**	**1,344**	**2,095**	**112**	**645**	**168,806**
Balance as at 1st April, 2015	–	79,541	71,972	1,428	1,647	–	701	155,289

NOTE:

(i) Plant equipment includes cost Rs. 649 Lakhs (31st March, 2016 - Rs. 649 Lakhs, 1st April, 2015 - Rs. 649 Lakhs), Net Block Rs. 351 Lakhs (31st March, 2016 - Rs. 423 Lakhs; 1st April, 2015 - Rs. 495 Lakhs) and depreciation for the year Rs. 72 Lakhs (31st March, 2016 - Rs. 72 Lakhs, 1st April, 2015 - Rs. 72 Lakhs) in respect of expenditure incurred on capital asset ownership of which does not vest in the company.

(ii) Plant & Equipment with carrying amount of Rs. 71,662 Lakhs (31st March, 2016 - Rs. 76,212 Lakhs; 1st April, 2015 - Rs. 71,972 Lakhs) and Building with carrying amount of Rs. Nil Lakhs (31st March, 2016 - Rs. 88,247 Lakhs; 1st April, 2015 - Rs. 79,541 Lakhs) have been pledged to secure borrowings of the Company (See Note 19). The plant & equipment have been pledged as security for bank loans under a mortgage. The Company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

NOTE 6 – INTANGIBLE ASSETS

Rs. in Lakhs

Description of Assets	Computer Software	License	Technical know how	Total
(I) Cost				
Balance as at 1st April 2016	1,933	489	310	2,732
Additions during the year	437	–	–	437
Acquisitions through business combinations	–	–	–	–
Disposals	–	–	–	–
Balance as at 31st March 2017	**2,370**	**489**	**310**	**3,169**
(II) Accumulated amortisation				
Balance as at 1st April, 2016	1,415	399	221	2,035
Amortisation expense for the year	357	90	71	518
Acquisitions through business combinations	–	–	–	–
Eliminated on disposal of assets	–	–	–	–
Balance as at 31st March, 2017	**1,772**	**489**	**292**	**2,553**
Carrying amount(I-II)				
Balance as at 31st March, 2017	**598**	**–**	**18**	**616**
Balance as at 31st March, 2016	518	90	89	697

Rs. in Lakhs

Description of Assets	Computer Software	License	Technical know how	Total
(I) Cost				
Balance as at 1st April 2015	1,172	489	310	1,971
Additions during the year	476	–	–	476
Acquisitions through business combinations	285	–	–	285
Disposals	–	–	–	–
Balance as at 31st March 2016	**1,933**	**489**	**310**	**2,732**
(II) Accumulated amortisation				
Balance as at 1st April, 2015	1,059	301	159	1,519
Amortisation expense for the year	284	98	62	444
Acquisitions through business combinations	72	–	–	72
Eliminated on disposal of assets	–	–	–	–
Balance as at 31st March, 2016	**1,415**	**399**	**221**	**2,035**
Carrying amount(I-II)				
Balance as at 31st March, 2016	**518**	**90**	**89**	**697**
Balance as at 31st March, 2015	113	188	151	452

NOTE 7 A – NON-CURRENT INVESTMENTS

	Face Value	As at 31st March, 2017		As at 31st March, 2016		As at 1st April, 2015	
	Rs.	Units	Rs. in Lakhs	Units	Rs. in Lakhs	Units	Rs. in Lakhs
NON-CURRENT INVESTMENTS							
Investment in Equity Instruments: At Cost (Trade and fully paid up unless otherwise specified) (Unquoted):							
(i) In Subsidiary Companies							
– Mahindra Electric Mobility Limited (formerly known as Mahindra Reva Electric Vehicles Limited)	10	**205,235,102**	**52,489**	129,819,505	32,455	–	–
– Mahindra Intertrade Limited [including 1,50,00,000 shares Partly paid-up Rs.3 per share]	10	**27,100,007**	**70,021**	27,100,007	70,021	–	–
– Mahindra Heavy Engines Limited	10	**634,400,000**	**41,504**	548,400,000	32,904	–	–
– Mahindra Two Wheelers Limited#	10	**2,766,097,350**	**3,043**	2,426,097,350	84,263	–	–
			167,057		219,643		–
(ii) In Other Companies							
– Sai Wardha Power Generation Limited (formerly known as Sai Wardha Power limited): Class 'A' Equity Shares	10	**1,238,279**	*****	1,238,279	*	1,238,279	*
			*****		*		*
(Quoted)							
(i) In Associate Companies							
– Mahindra CIE Automotive Limited	10	**65,271,407**	**164,917**	65,271,407	164,917		–
			164,917		164,917		–
Sub Total A			**331,974**		384,560		–
Investments in Preference Shares (Trade and fully paid-up unless otherwise specified) :							
Unquoted							
(i) In Other Companies							
– Sai Wardha Power Generation Limited (formerly known as Sai Wardha Power limited): 0.01% Class 'A' Redeemable Preference Shares	10	**1,561,721**	*****	1,561,721	*	1,561,721	*
Sub Total B			*		*****		*****
Total Non Current Investment (A+B)			**331,974**		384,560		*

	Face Value	As at 31st March, 2017		As at 31st March, 2016		As at 1st April, 2015	
	Rs.	Units	Rs. in Lakhs	Units	Rs. in Lakhs	Units	Rs. in Lakhs
Other Disclosures							
(i) Aggregate amount of Quoted Investments (Gross)			**164,917**		164,917		–
– Market value of quoted investments			**138,702**		128,030		–
(ii) Aggregate amount of Unquoted Investments (Gross)			**167,057**		219,643		–

Cost approximates fair value

* amount less than Rs.50,000

NOTE 7 B – CURRENT INVESTMENTS

	Face Value	As at 31st March, 2017		As at 31st March, 2016		As at 1st April, 2015	
	Rs.	Units	Rs. in Lakhs	Units	Rs. in Lakhs	Units	Rs. in Lakhs
Current Investments (Unquoted)							
At Fair Value Through Profit & Loss							
Investments in Mutual funds							
Axis Liquid Fund - Growth	1,000	**55,632**	**1,000**	–	–	–	–
ICICI Money Market Fund - Growth	100	**445,796**	**1,001**	–	–	–	–
Birla Sunlife - Cash Plus - Growth - Regular Plan	100	–	–	412,303	1,001	–	–
IDFC Cash Fund - Growth - Regular Plan	1,000	–	–	27,223	501	–	–
JM High Liquidity Fund - Growth Option	10	–	–	2,422,058	1,001	–	–
Kotak Liquid Scheme - Plan A - Growth Regular Plan	1,000	–	–	16,308	501	–	–
L&T Liquid Fund – Growth	1,000	–	–	24,127	500	–	–
LIC Nomura MF Liquid Fund - Growth Plan - LF - GP	1,000	–	–	36,514	1,001	–	–
Principal Cash Management Fund-Regular Plan Growth	1,000	–	–	34,022	500	–	–
UTI Money Market Fund - Institutional Plan - Growth	1,000	–	–	59,101	1,001	–	–
Total			**2,001**		6,006		–

NOTE 8 – NON-CURRENT FINANCIAL ASSETS – LOANS

Rs. in Lakhs

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Loans to related parties			
(Unsecured, considered good)	**2,000**	2,300	–
Share Application Money to Mahindra Electric Mobility Limited			
Total	**2,000**	2,300	–

NOTE 9 – NON-CURRENT FINANCIAL ASSETS – OTHERS

Rs. in Lakhs

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Other than related parties:			
(Unsecured, considered good)			
Security deposits	**80**	61	47
Margin money with Bank	**1**	15	15
Total	**81**	76	62

NOTE 10 – OTHER NON-CURRENT ASSETS

Rs. in Lakhs

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Other than related parties:			
(Secured, considered good)			
Advance to Supplier	–	–	185
(Unsecured, considered good)			
Capital Advance	**537**	191	1,570
Others	**70,822**	61,035	80,289
Total	**71,359**	61,226	82,044

Others includes prepaid expenses, VAT Refund etc.

NOTE 11 – INVENTORIES

Rs. in Lakhs

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Raw materials ((Including Goods in transit Rs. 652 Lakhs) (31st March, 2016 - Rs. 610 Lakhs, 1st April, 2015 - Rs. 1,609 Lakhs))	**25,591**	34,194	19,122
Work-in-Progress	**5,523**	6,287	3,712
Finished Goods	**14,463**	22,576	13,887
Stores and spares	**2,295**	1,735	1,074
Loose tools	**614**	569	525
Total	**48,486**	65,361	38,320

Notes:

(i) The cost of inventories recognised as an expense during the year in respect of continuing operations was Rs. 687,390 Lakhs (31st March 2016 - Rs. 621,451 Lakhs)

(ii) The carrying amount of inventory pledged as security for liabilities is Rs. 48,486 Lakhs (31st March, 2016 - Rs. 65,361 Lakhs, 1st April, 2015 Rs. 38,320 Lakhs) (Note 22)

(iii) Mode of valuation of inventories is stated in Note 2.

NOTE 12 – TRADE RECEIVABLES

Rs. in Lakhs

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
(Unsecured, considered good)			
Trade receivables	**83,501**	92,197	31,891
Total	**83,501**	92,197	31,891

Trade Receivables pledged as securities for liabilities Rs. 83,501 lakhs (31st March, 2016 - Rs. 92,197 Lakhs, 1st April, 2015 - Rs. 31,891 Lakhs) (note 22)

NOTE 13 – CASH AND BANK BALANCE

Rs. in Lakhs

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Cash & Cash Equivalents			
(i) Cash on hand	*	*	*
(ii) Balances with banks			
– In current accounts	**526**	3,329	7
– In deposit accounts	**4,050**	4,050	4,050
Total	**4,576**	7,379	4,057

* amount less than Rs. 50,000

The details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016

Rupees

	SBNs	Other denomination notes	Total
Closing Cash In Hand as on 8th November, 2016	12,500	184	12,684
(+) Permitted receipts	1,500	40,511	42,011
(–) Permitted payments	–	–	–
(–) Amount deposited in Banks	14,000	–	14,000
Closing Cash In Hand as on 30th December, 2016	–	40,695	40,695

NOTE 14 – CURRENT FINANCIAL ASSETS – LOANS

Rs. in Lakhs

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
(Unsecured, considered good)			
Loans to Employees	**11**	18	22
Total	**11**	18	22

NOTE 15 – CURRENT FINANCIAL ASSETS – OTHERS

Rs. in Lakhs

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
(Unsecured, considered good)			
Interest Receivable	**1,169**	711	336
Security Deposit	**51**	51	51
Others	**1**	57	37
Total	**1,221**	819	424

NOTE 16 – OTHER CURRENT ASSETS

Rs. in Lakhs

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Other than related parties (Secured, considered good)			
Advance to Suppliers	**–**	285	185
(Unsecured, considered good)			
Others	**50,511**	29,071	29,986
Total	**50,511**	29,356	30,171

Others Includes prepaid expenses, balances with government authorities (other than income taxes) etc.

NOTE 17 – SHARE CAPITAL

Rs. in Lakhs

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Authorised:			
5,00,00,00,000 (31st March, 2016: 5,00,00,00,000, 1st April, 2015: 1,30,00,00,000) equity shares of Rs. 10 each.	**500,000**	500,000	130,000
Issued, Subscribed and Paid up :			
3,89,79,46,331 (31st March, 2016: 3,16,22,50,000 , 1st April, 2015: 96,22,50,000) equity shares of Rs. 10 each fully paid up.	**389,795**	316,225	96,225
Total	**389,795**	316,225	96,225

Reconciliation of the no. of shares outstanding at the beginning and at the end of the year:	**As at 31st March, 2017**	**As at 31st March, 2017**	As at 31st March, 2016	As at 31st March, 2016	As at 1st April, 2015	As at 1st April, 2015
	No of shares	**Amount Rs. in Lakhs**	No of shares	Amount Rs. in Lakhs	No of shares	Amount Rs. in Lakhs
No. of Equity shares outstanding at the beginning of the year	**3,162,250,000**	**316,225**	962,250,000	96,225	962,250,000	96,225
Add: Additional Equity shares issued during the year	**735,696,331**	**73,570**	2,200,000,000	220,000	–	–
No. of Equity shares outstanding at the end of the year	**3,897,946,331**	**389,795**	3,162,250,000	316,225	962,250,000	96,225

Notes:

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

Particulars	2017		2016		2015	
	Number of share	**% shareholding**	Number of share	% shareholding	Number of share	% shareholding
Equity Shares:						
Mahindra & Mahindra Ltd (holding company) and its nominees	**3,897,946,331**	**100**	3,162,250,000	100	962,250,000	100

ii) Rights, preferences, restrictions of equity shares'

The Company has only one class of Equity Shares having par value of Rs. 10 per share. Each holder of Equity Share is entitled to one vote per share.

NOTE 18 – OTHER EQUITY

Rs. in Lakhs

		As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Debenture Redemption Reserve:				
Balance as at the beginning of the year	**6,927**		11,699	11,699
Add: Transferred from Surplus in Statement of Profit & Loss	**4,212**		1,978	–
Less: Transferred to Surplus in the Statement of Profit & Loss	**(6,500)**		(6,750)	–
Balance as at the end of the year		**4,639**	6,927	11,699
Capital Reserve				
Balance as at the beginning of the year	**(60)**		–	–
Add : created on acquisition of business	**–**		(60)	–
Balance as at the end of the year		**(60)**	(60)	–
Retained Earnings				
Balance as at the beginning of the year	**76,770**		50,992	50,992
Add: Profit for the year	**2,504**		27,688	–
Amounts transferred from Debenture Redemption Reserve	**6,500**		6,750	–
Transfer to Debenture Redemption Reserve	**(4,212)**		(1,978)	–
Dividend	**(8,932)**		(5,552)	–
Tax on Dividend	**(1,413)**		(1,130)	–
Balance as at the end of the year		**71,217**	76,770	50,992
Other Comprehensive Income				
Balance as at the beginning of the year	**49**		–	–
Add/(less) : Other Comprehensive income for the year	**(13)**		49	–
Balance as at the end of the year		**36**	49	–
Share Application Money				
Balance as at the beginning of the year	**–**		–	–
Add/(Less) : Received/(Allotted) during the year (Net)	**2,600**		–	–
Balance as at the end of the year		**2,600**	–	–
Total		**78,432**	83,686	62,691

NOTE 19 – NON-CURRENT FINANCIAL LIABILITIES - BORROWINGS

Rs. in Lakhs

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Loans and Advances from other than related parties :			
Debentures (Secured)			
8.19% Non Convertible Debentures (Series C)	**19,986**	19,982	–
8.19% Non Convertible Debentures (Series B)	**14,990**	14,987	–
8.19% Non Convertible Debentures (Series A)	**14,992**	14,987	–
8.00% Non Convertible Debentures (Series III)	**–**	–	25,989
Unsecured Loans from related parties :			
6.5% Cumulative, Redeemable, Non- Convertible Preference Shares	**60,000**	–	–
Term Loan	**–**	120,000	–
Total	**109,968**	169,956	25,989

8.19% Non convertible debentures (Series A, B and C) are secured by First Pari Passu charge on Plant & Equipment of the Company. 8% Non Convertible debentures (Series III) were secured by First *Pari Passu* charge on Buildings of the Company.

NOTE 19 – LONG TERM BORROWINGS contd.

Description of the instrument	Currency of Loan	Effective Interest Rate used for Discounting Cash flows	Coupon Rate	Repayment Bullet (or) Installment	Date of Redemption	Narrative remarks	Amortised cost as at 31st March, 2017	Amortised cost as at 31st March, 2016	Amortised cost as at 1st April, 2015
Unsecured									
- Preference Shares	Rs.	7.82%	6.50%	Bullet	26th March, 2027	Unsecured	60,000	–	–
- Term Loan	Rs.	7.90%	7.90%	Bullet	1st Jan 2026	Unsecured	– *	1,20,000	–
Secured									
- Debentures - Series C	Rs.	8.22%	8.19%	Bullet	23rd Feb 2021	Debentures are to be secured by First *Pari Passu* charge on Plant & Machinery of the Company	19,986	19,982	–
- Debentures - Series B	Rs.			Bullet	24th Feb 2020		14,990	14,987	–
- Debentures - Series A	Rs.			Bullet	25th Feb 2019		14,992	14,987	–
Secured									
- Debentures - Series III	Rs.	10.22%	8.00%	Bullet	14th March, 2017	Debentures are secured by First *Pari Passu* charge on Building of the Company	–	#	25,989

* Loan Repaid

Amount shown in Current maturities of Long-term debt in Note 24

NOTE 20 – NON-CURRENT LIABILITIES - PROVISIONS

Rs. in Lakhs

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Provision for Employee Benefits	**3,437**	2,969	2,590
Total	**3,437**	2,969	2,590

NOTE 21 A – DEFERRED TAX LIABILITIES (NET)

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

Rs. in Lakhs

Nature of timing difference	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
On Property, Plant and Equipment	**19,407**	19,140	18,084
Others	*****	49	106
Total	**19,407**	19,189	18,190

* Amount less than Rs. 50,000

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

Rs. in Lakhs

Nature of timing difference	As at 31st March 2017	As at 31st March, 2016	As at 1st April, 2015
Unclaimed amount under section 43B of Income Tax Act 1961	**1,631**	1,413	968
Total	**1,631**	1,413	968
(iii) Deferred tax assets/(liabilities) net:	(17,776)	(17,776)	(17,222)

NOTE 21 B - DEFERRED TAX ASSETS (NET)

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

Rs. in Lakhs

Nature of timing difference	As at 31st March 2017	As at 31st March, 2016	As at 1st April, 2015
On Property, Plant and Equipment	**162**	61	–
Others	**108**	37	–
Total	**270**	98	–

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

Rs. in Lakhs

Nature of timing difference	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Research and Development Credit	1,203	128	–
Others	386	291	–
Total	**1,589**	419	–
(iii) Deferred tax assets/ (liabilities) net:	1,319	321	–

(a) Income Tax recognised in profit or loss

Rs. in Lakhs

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Current Tax:		
In respect of current year	**25,038**	15,127
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**(1,014)**	207
Total income tax expense	**24,024**	15,334

(b) Income tax recognised in other Comprehensive income

Rs. in Lakhs

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Deferred tax related to items recognised in other comprehensive income during the year:		
Remeasurement of defined benefit obligations	(7)	26
Total	(7)	26
Classification of income tax recognised in other comprehensive income		
Income taxes related to items that will not be reclassified to profit or loss	(7)	26
Total	(7)	26

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

Rs. in Lakhs

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Profit before tax	**26,528**	43,022
Income tax expense calculated at 34.608% (2016: 34.608%)	**9,181**	14,889
Exceptional Item	**12,018**	–
Dividend Income	**(689)**	–
Investments Allowance	**(180)**	(543)
Disallowances for Expenses on exempt income	**4,529**	1,227
Others	**(835)**	(239)
Total Income Tax Expenses	**24,024**	15,334

The tax rate used for the 31st March, 2017 and 31st March, 2016 reconciliations above is the corporate tax rate of 34.608% payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

(i) Movement in deferred tax Liabilities (Net)

Rs. in Lakhs

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				
On Property, Plant and Equipment	19,140	267	–	19,407
Others	49	(49)	–	*
	19,189	**218**	**0**	**19,407**
* amount less than Rs. 50,000				
Tax effect of items constituting deferred tax assets				
On Employee Benefits	1,413	211	7	1,631
	1,413	**211**	**7**	**1,631**
Net Tax Asset (Liabilities)	**17,776**	**7**	**(7)**	**17,776**

Rs. in Lakhs

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				
On Property, Plant and Equipment	18,084	1,056	–	19,140
Others	106	(57)	–	49
	18,190	**999**	**–**	**19,189**
Tax effect of items constituting deferred tax assets				
On Employee Benefits	968	471	(26)	1,413
	968	**471**	**(26)**	**1,413**
Net Tax Asset (Liabilities)	**17,222**	**528**	**26**	**17,776**

(ii) Movement in deferred tax Assets (Net)

Rs. in Lakhs

Particulars	For the Year ended 31st March, 2017 Opening Balance	Recognised in profit and Loss	Recognised in OCI	Other Adjustment#	Closing Balance
Tax effect of items constituting deferred tax liabilities					
On Property, Plant and Equipment	61	104	–	(3)	162
Others	37	73	–	(2)	108
	98	**177**	**–**	**(5)**	**270**
Tax effect of items constituting deferred tax assets					
Research and Development Credit	128	1,094	–	(19)	1,203
Others	291	104	–	(9)	386
	419	1,198	–	(28)	1,589
Net Tax Asset (Liabilities)	**321**	**1,021**	**–**	**(23)**	**1,319**

exchange difference on translation of foreign branch

Rs. in Lakhs

Particulars	For the Year ended 31st March, 2016 Opening Balance	Recognised in profit and Loss	Recognised in OCI	Other Adjustment#	Closing Balance
Tax effect of items constituting deferred tax liabilities					
On Property, Plant and Equipment	–	61	–	–	61
Others	–	37	–	–	37
	–	**98**	**–**	**–**	**98**
Tax effect of items constituting deferred tax assets					
Research and Development Credit	–	128	–	–	128
Others	–	291	–	–	291
	–	**419**	**–**	**–**	**419**
Net Tax Asset (Liabilities)	**–**	**321**	**–**	**–**	**321**

NOTE 22 – SHORT TERM BORROWINGS

Rs. in Lakhs

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Loans and Advances from other than related parties :			
Loans repayable on demand			
– On Cash Credit account from Banks (Secured)	**–**	–	4,284
(Secured by hypothecation of first charge on Inventory and book debts)			
– from Banks (unsecured)	**–**	–	11,500
– Bill Discounting from Bank (Unsecured)	**13,402**	–	–
Commercial Papers (Unsecured)	**49,363**	19,806	–
Total	**62,765**	19,806	15,784

Bill discounting from Bank is unsecured facility taken on discounting of trade receivable. These loan are repayable on the maturity of trade receivable.
Bill Discounting and Commercial papers are on fixed interest ranging from 6.00% to 7.30%.

NOTE 23 – TRADE PAYABLES

Rs. in Lakhs

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Total Outstanding dues of micro and small enterprises	**1,755**	2,045	454
Total outstanding dues other than micro and small enterprises			
– Acceptances	**596**	708	603
– Other than Acceptances	**157,862**	163,147	89,386
Total	**160,213**	165,900	90,443

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:

Rs. in Lakhs

Particulars	**For the year ended 31st March, 2017**	For the year ended 31st March, 2016	For the year ended 31st March, 2015
(i) Principal amount payable to MSME	1,755	2,045	454
(ii) Dues remaining unpaid as at 31st March			
Principal	35	30	11
Interest on the above	*	*	1
(iii) Interest paid in terms of Section 16 of the Act, along with the amount of payment made to the supplier beyond the appointed day during the year			
Principal paid beyond the appointed date	4,858	8,350	2978
Interest paid in terms of Section 16 of the Act	74	25	38
(iv) Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	46	74	24
(v) Amount of interest accrued and remaining unpaid as at 31st March	46	74	25

* denotes amount less than Rs. 50,000

NOTE 24 – OTHER FINANCIAL LIABILITIES

Rs. in Lakhs

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Current maturities of long-term debt	**–**	25,997	30,268
Interest accrued but not due on borrowings	**696**	5,454	4,217
Other payables	**24,410**	14,481	13,195
Total	**25,106**	45,932	47,680

Other payables includes government grants payable to group companies, capital creditors, retention money etc.

NOTE 25 –SHORT-TERM PROVISIONS

Rs. in Lakhs

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Provision for Employee Benefits	**1,232**	936	205
Total	**1,232**	936	205

NOTE 26 – OTHER CURRENT LIABILITIES

Rs. in Lakhs

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Other payables	**3,563**	5,125	3,366
Total	**3,563**	5,125	3,366

Other payable includes Employee related statutory obligations, withholding tax payable, excise and service tax payable etc.

NOTE 27 – REVENUE FROM OPERATIONS

Rs. in Lakhs

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Sale of products (Including Excise duty)	**959,651**	868,419
Sale of services	**24,475**	26,903
Other operating revenues		
– Government Grants	**21,558**	11,723
– Scrap Sales (Including Excise duty)	**3,227**	3,373
Total	**1,008,911**	910,418

NOTE 28 – OTHER INCOME

Rs. in Lakhs

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Interest Income on financial assets carried at amortised cost	**548**	514
Net gain/(loss) arising on investment carried Fair Value Through Profit or Loss	**658**	358
Dividend on Investment in subsidiaries	**1,992**	–
Others non-operating income	**782**	641
Total	**3,980**	1,513

NOTE 29 – COST OF MATERIAL CONSUMED

Rs. in Lakhs

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Raw Material Consumed	**678,513**	632,715
Total	**678,513**	632,715

NOTE 30 – CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

Rs. in Lakhs

		For the year ended 31st March, 2017	For the year ended 31st March, 2016
Opening stock			
Work-in-progress	6,287		3,712
Finished goods	22,576		13,887
		28,863	17,599
Closing stock			
Work-in-progress	5,523		6,287
Finished goods	14,463		22,576
		19,986	28,863
Total		**8,877**	(11,264)

NOTE 31 – EMPLOYEE BENEFITS EXPENSE

Rs. in Lakhs

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Salaries and wages	**30,439**	27,779
Contribution to provident and other funds	**736**	684
Share based payment *	**453**	326
Staff welfare expenses	**3,241**	2,685
Total	**34,869**	31,474

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

NOTE 32 – FINANCE COSTS

Rs. in Lakhs

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Interest expense (On Financial Liability at Amortised Cost)	**17,149**	10,293
Dividend on redeemable preference shares (including dividend distribution tax)	**64**	–
Total	**17,213**	10,293

NOTE 33 – OTHER EXPENSES

Rs. in Lakhs

		For the year ended 31st March, 2017	For the year ended 31st March, 2016
Consumption of stores and tools		3,851	3,865
Power and fuel		4,445	4,252
Rent including lease rental		774	723
Repairs and maintenance -			
Buildings	351		209
Machinery	2,863		2,405
Others	1,447		1,333
		4,661	3,947
Insurance		1,504	1,364
Rates & Taxes		471	451
Hire & service Charges		4,741	3,805
Payment to Auditors			
– As Auditors	26		24
– For Limited Review fees	12		11
– For other Services	4		8
		42	43
Loss on sale of fixed asset		–	6
Expenditure on Corporate Social Responsibility		660	660
Research & Development Expenditure		4,184	7,296
Miscellaneous expenses		9,229	8,275
Total		34,562	34,687

NOTE 34 – SIGNIFICANT SUBSIDIARIES, ASSOCIATES & JOINT VENTURES

Details of Significant Subsidiaries, Associates & Joint Ventures:

Name of Investee	Place of incorporation and principal place of business	Proportion of ownership interest/voting rights 31st March, 2017	31st March, 2016	1st April, 2015
Subsidiaries:				
Mahindra Intertrade Limited	India	100.00%	100.00%	–
Mahindra Steel Service Centre Limited ^	India	61.00%	61.00%	–
Mahindra MiddleEast Electrical Steel Service Centre FZC ^	U.A.E.	90.00%	90.00%	–
Mahindra Electrical Steel Private Limited ^	India	100.00%	100.00%	–
Mahindra Auto Steel Private Limited ^	India	51.00%	51.00%	–
Mahindra MSTC Recycling Private Limited (w.e.f. 16th December, 2016) ^	India	50.00%	–	–
Mahindra Two Wheelers Limited	India	92.25%	91.26%	–

Name of Investee	Place of incorporation and principal place of business	Proportion of ownership interest/voting rights		
		31st March, 2017	31st March, 2016	1st April, 2015
Mahindra Two Wheelers Europe Holdings S.a.r.l. (ceased w.e.f. 27th September, 2016) *	Luxemburg	–	91.26%	–
Peugot Motocycles SAS (ceased w.e.f. 27th September, 2016) &	France	–	46.54%	–
Peugeot Motocycles Deutschland GmbH (ceased w.e.f. 27th September, 2016) #	Germany	–	46.54%	–
Peugeot Motocycles Italia S.p.A. (ceased w.e.f. 27th September, 2016) #	Italy	–	46.54%	–
Mahindra Electric Mobility Limited (formerly known as Mahindra Reva Electric Vehicles Limited)	India	98.87%	93.70%	–
Mahindra Heavy Engines Limited	India	100%	100.00%	–
Associates:				
Mahindra CIE Automotive Limited	India	17.26%	20.18%	–
Joint Venture of Subsidiaries:				
Jinan Qingqi Peugeot Motocycles Company Limited (ceased w.e.f. 27th September, 2016) $	China	–	50.00%	–

^ Subsidiary of Mahindra Intertrade Limited
* Subsidiary of Mahindra Two Wheeler Limited
& Subsidiary of Mahindra Two Wheelers Europe Holdings S.a.r.l.
# Subsidiary of Peugot Motocycles SAS
$ Joint Venture of Peugot Motocycles SAS

NOTE 35 – FINANCIAL INSTRUMENTS

CAPITAL MANAGEMENT

The Company's capital management objectives is to maximise shareholder value, safeguard business continuity and support the growth of the Company by maintaining sound and optimal capital structure through monitoring of financial ratios, such as debt-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 monitors the total capital as comprising of debt and equity. Debt includes all short term and long term debts. Equity comprises of total shareholders' equity as reported in the financial statements.

The Company is not subject to externally enforced capital regulation.

Total Capital of the Company is as follows:

Rs. in Lakhs

	31st March, 2017	31st March, 2016	1st April, 2015
Equity	**389,795**	316,225	96,225
Debt			
Short tem debt	**62,765**	19,806	15,784
Long term debt (including current maturities of long term debt)	**109,968**	195,953	56,257
Sub total	**172,733**	215,759	72,041
Total Capital	**562,528**	531,984	168,266

Categories of financial assets and financial liabilities

As at 31st March, 2017 Rs. in Lakhs

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Loans	2,000	–	–	2,000
Other Financial Assets				
– Non Derivative Financial Assets	81	–	–	81
Current Assets				
Investments	–	2,001	–	2,001
Trade Receivables	83,501	–	–	83,501
Cash & Bank Balances	4,576	–	–	4,576
Loans	11	–	–	11
Other Financial Assets				
– Non Derivative Financial Assets	1,221	–	–	1,221
Non-current Liabilities				
Borrowings	109,968	–	–	109,968
Current Liabilities				
Borrowings	62,765	–	–	62,765
Trade Payables	160,213	–	–	160,213
Other Financial Liabilities				
– Non Derivative Financial Liabilities	25,106	–	–	25,106

As at 31st March, 2016 Rs. in Lakhs

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Loans	2,300	–	–	2,300
Other Financial Assets				
- Non Derivative Financial Assets	76	–	–	76
Current Assets				
Investments	–	6,006	–	6,006
Trade Receivables	92,197	–	–	92,197
Cash & Bank Balances	7,379	–	–	7,379
Loans	18	–	–	18
Other Financial Assets				
– Non Derivative Financial Assets	819	–	–	819
Non-current Liabilities				
Borrowings	169,956	–	–	169,956
Current Liabilities				
Borrowings	19,806	–	–	19,806

As at 31st March, 2016 — Rs. in Lakhs

	Amortised Costs	FVTPL	FVOCI	Total
Trade Payables	165,900	–	–	165,900
Other Financial Liabilities				
– Non Derivative Financial Liabilities	45,932	–	–	45,932

As at 1st April, 2015 — Rs. in Lakhs

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Loans	–	–	–	–
Other Financial Assets				
– Non Derivative Financial Assets	62	–	–	62
Current Assets				
Investments	–	–	–	–
Trade Receivables	31,891	–	–	31,891
Cash & Bank Balances	4,057	–	–	4,057
Loans	22	–	–	22
Other Financial Assets				
– Non Derivative Financial Assets	424	–	–	424
Non-current Liabilities				
Borrowings	25,989	–	–	25,989
Current Liabilities				
Borrowings	15,784	–	–	15,784
Trade Payables	90,443	–	–	90,443
Other Financial Liabilities				
– Non Derivative Financial Liabilities	47,680	–	–	47,680

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. Financial instruments that are subject to credit risk, principally consist of trade receivables, investment in mutual funds and fixed deposits etc.

None of the financial instruments of the Company result in material concentrations of credit risks except trade receivables which mainly consists of receivable from Holding Company. There were no indications as at 31st March, 2017 and 31st March 2016, that defaults in payment obligations will occur.

As the trade receivables are mainly from its holding Company, the Company does not expect any credit loss.

Credit risk does not arise on investment in mutual funds and fixed deposits, as fixed deposits are placed with nationalised/high net worth corporate banks and mutual fund have high net worth and good credit ratings and hence management does not anticipate any credit risk.

LIQUIDITY RISK

(I) LIQUIDITY RISK MANAGEMENT

The Company has established an appropriate liquidity risk management framework for the management of short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities, by continuously monitoring forecast and actual cash flows.

(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.

Rs. in Lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
31st March, 2017				
Fixed interest rate instruments	71,813	45,537	31,026	83,470
Non-interest bearing	184,623	–	–	–
Total	256,436	45,537	31,026	83,470
31st March, 2016				
Fixed interest rate instruments	65,170	42,172	58,452	167,400
Non-interest bearing	180,381	–	–	–
Total	245,551	42,172	58,452	167,400
1st April, 2015				
Fixed interest rate instruments	53,236	31,595	–	–
Non-interest bearing	103,638	–	–	–
Total	156,874	31,595	–	–

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. Future specific market movements cannot be normally predicted with reasonable accuracy.

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.

A) DETAILS OF DERIVATIVE INSTRUMENTS

	Amount in foreign currency (USD in lakhs)			Equivalent amount (Rs. in lakhs)			Purpose
Particulars	**31st March, 2017**	31st March, 2016	1st April, 2015	**31st March, 2017**	31st March, 2016	1st April, 2015	Term Loan and trade
Forward cover	–	–	67	–	–	3,268	Payable

In addition, the company had an interest rate swap converting the floating interest rate in foreign currency to fixed rate in Indian Rupees till the previous year, in respect of Bank Loan of Rs. Nil (2016 – Rs. Nil; 2015 – Rs. 3,268 Lakhs)

b) Details of foreign currency exposures that are not hedged by a derivative instrument or otherwise:

Particulars	Currency	Amount in foreign currency (in lakhs) 31st March, 2017	31st March, 2016	1st April, 2015	Equivalent amount (Rs. in lakhs) 31st March, 2017	31st March, 2016	1st April, 2015
Payables	USD	**3**	14	5	**200**	987	289
	KRW	–	275	6,098	–	16	342
	EURO	**3**	2	4	**188**	186	258
	GBP	*	*	*	**2**	1	4
	JPY	–	68	14	–	41	7
Receivables	USD	**94**	25	–	**6,130**	1,601	–

* amount less than 50,000

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in 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.

Rs. in Lakhs

	Currency	Change in rate	Effect on profit before tax
31st March, 2017	USD	+5%	297
	USD	-5%	(297)
	KRW	+5%	–
	KRW	-5%	–
	EURO	+5%	(9)
	EURO	-5%	9
	GBP	+5%	(*)
	GBP	-5%	*
	JPY	+5%	–
	JPY	-5%	–
31st March, 2016	USD	+5%	31
	USD	-5%	(31)
	KRW	+5%	(1)
	KRW	-5%	1
	EURO	+5%	(9)
	EURO	-5%	9
	GBP	+5%	(*)
	GBP	-5%	*
	JPY	+5%	(2)
	JPY	-5%	2

* amount less than Rs. 50000

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 exposed to the risk of changes in market interest rates as the Company does not have any long-term debt obligations with floating interest rates.

Other price risk

The Company is not 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. 36 – 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 31st March 2017	31st March 2016	1st April 2015	Fair value hierarchy	Valuation technique(s)
Financial assets					
Investments					
1) Mutual fund investments	**2,001**	6,006	–	Level 1	Quoted Market Price
Total financial assets	**2,001**	6,006	–		
Financial liabilities					
Other Financial Liabilities	**–**	–	–		
Total financial liabilities	**–**	–	–		

Fair value of financial assets and financial liabilities that are not measured at fair value

Rs. in Lakhs

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						
– trade and other receivables	**84,802**	**84,802**	93,077	93,077	32,362	32,362
– Loans	**2,011**	**2,011**	2,318	2,318	22	22
Financial liabilities						
Financial liabilities held at amortised cost						
– Debentures	**49,968**	**50,398**	49,956	48,806	25,989	28,970
– loans from related parties	**60,000**	**60,690**	120,000	118,398	–	–

Rs. in Lakhs

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
– Short Term Loan	**62,765**	**62,765**	19,806	19,806	15,784	15,784
– Current Maturities of Long term loans	**–**	**–**	25,997	25,997	30,268	30,268
– trade and other payables	**185,319**	**185,319**	185,835	185,835	107,855	107,855
Total	**444,865**	**445,985**	496,989	494,237	212,280	215,261

Rs. in Lakhs

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	–	84,802	–	84,802
– Loans	–	2,011	–	2,011
Total	–	86,813	–	86,813
Financial liabilities				
Financial Instruments not carried at Fair Value				
– Debentures	–	50,398	–	50,398
– loans from related parties	–	60,690	–	60,690
– Short Term Loan	–	62,765	–	62,765
– Current Maturities of Long term loans	–	–	–	–
– trade and other payables	–	185,319	–	185,319
	–	359,172	–	359,172
Total	–	445,985	–	445,985

Rs. in Lakhs

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	–	93,077	–	93,077
– Loans	–	2,318		2,318
Total	–	95,395	–	95,395
Financial liabilities				
Financial Instruments not carried at Fair Value				
– Debentures	–	48,806	–	48,806
– loans from related parties	–	118,398	–	118,398
– Short Term Loan	–	19,806	–	19,806
– Current Maturities of Long term loans	–	25,997	–	25,997
– trade and other payables	–	185,835	–	185,835
	–	398,842	–	398,842
Total	–	494,237	–	494,237

Rs. in Lakhs

Fair value hierarchy as at 1st April, 2015

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– trade and other receivables	–	32,362	–	32,362
– Loans	–	22	–	22
Total	–	32,384	–	32,384
Financial liabilities				
Financial Instruments not carried at Fair Value				
– Debentures	–	28,970	–	28,970
– loans from related parties	–	–	–	–
– Short Term Loan	–	15,784	–	15,784
– Current Maturities of Long term loans	–	30,268	–	30,268
– trade and other payables	–	107,855	–	107,855
	–	182,877	–	182,877
Total	–	215,261	–	215,261

NOTE 37 – EMPLOYEE BENEFITS

(A) Defined Contribution Plan

Amount recognised as an expense in the Statement of Profit and Loss/ Incidental expenditure during construction period pending allocation to tangible assets in respect of Defined Contribution Plans is Rs. 736 Lakhs (31st March, 2016 - Rs.684 Lakhs)

(B) Defined Benefit Plan

The Defined Benefit Plans comprise of 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 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.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Interest Risk:

A decrease in government bond yields will increase plan liabilities.

Longevity Risk:

The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary Risk:

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Rs. in Lakhs

	Particulars	Gratuity (Unfunded)	
(C)	**Changes in the present value of defined obligation representing reconciliation of opening and closing balances thereof are as follows :**	**For the year ended on 31st March, 2017**	For the year ended on 31st March, 2016
	1 Present Value of Defined Benefit Obligation as on 1st April	**1,931**	1,646
	2 Current Service cost	**274**	271
	3 Interest Cost	**153**	130
	4 Remeasurements (gains)/ losses [Actuarial (gains)/losses]		
	(i) Actuarial (gains)/ losses arising from changes in demographic assumption	–	–
	(ii) Actuarial (gains)/ losses arising from changes in financial assumption	**119**	(21)
	(iii) Actuarial (gains)/ losses arising from changes in experience adjustment	**(99)**	(54)
	5 Benefits paid	**(85)**	(41)
	6 Present value of Defined Benefit Obligation as on Balance Sheet date.	**2,293**	1,931

Rs. in Lakhs

		As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
(D)	**Analysis of Defined Benefit Obligation:**			
	1 Defined Benefit Obligation	**2,293**	1,931	1,646
	2 Fair Value of Plan assets at the end of the year	–	–	–
	3 Net (Asset)/Liability recognised in the Balance Sheet	**2,293**	1,931	1,646

Rs. in Lakhs

		As at 31st March, 2017	As at 31st March, 2016
(E)	**Reconciliation of Present Value of Defined Benefit Obligation and fair value of plan assets showing amount recognised in the Balance Sheet:**		
	1 Present value of Defined Benefit Obligation	**2,293**	1,931
	2 Fair value of plan assets	–	–
	3 Funded status [Surplus/(Deficit)]	**(2,293)**	(1,931)
	4 Net asset/(Liability) recognized in Balance Sheet	**(2,293)**	(1,931)
	5 Current portion of the above	**(126)**	(149)
	6 Non-Current portion of the above	**(2,167)**	(1,782)

Rs. in Lakhs

		For the year ended on 31st March, 2017	For the year ended on 31st March, 2016
(F)	**Components of employer expenses recognised in the statement of profit and loss for the year ended**		
	1 Current Service cost	**274**	271
	2 Interest cost	**153**	130
	3 Total expense recognised in the Statement of Profit & Loss/Incidental Expense Capitalised	**427**	401

Rs. in Lakhs

		For the year ended on 31st March, 2017	For the year ended on 31st March, 2016
(G)	**Components of employer expenses recognised in the statement of Comprehensive Income for the year ended**		
	1 Actuarial Losses/(Gains)		
	(i) arising from changes in demographic assumption	–	–
	(ii) arising from changes in financial assumption	**119**	(21)
	(iii) arising from changes in experience adjustment	**(99)**	(54)
	2 Components of defined benefit costs recognised in other Comprehensive Income	**20**	(75)

		As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
(H)	**Principal Actuarial Assumptions:**			
	1 Discount Rate (%)	**7.70%**	8.10%	8.00%
	2 Expected Return on plan assets (%)	**NA**	NA	NA
	3 Salary Escalation (%)	**8%/10%**	8%/10%	8%/10%
	4 Withdrawal Rate (%) (Others)	**2%/7%**	2%/7%	2%/7%

a) The Discount rate is based on the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated terms of the obligations.

b) Salary Escalation Rate: The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

Rs. in Lakhs

	Experience Adjustments	For the year ended on 31st March, 2017	For the year ended on 31st March, 2016	For the year ended on 31st March, 2015	For the year ended on 31st March, 2014	For the year ended on 31st March, 2013
(I)	1 Defined Benefit Obligation at the end of the year	**2,293**	1,931	1,646	1,149	942
	2 Plan Assets at the end of the year	–	–	–	–	–
	3 Funded Status	**(2,293)**	(1,931)	(1,646)	(1,149)	(942)
	4 Experience adjustments on plan liabilities (gains)/losses	**(99)**	(54)	(3)	59	(7)
	5 Experience adjustments on plan assets	–	–	–	–	–

Rs. in Lakhs

	Sensitivity of the defined benefit obligation to changes:		Change in Assumption	Impact on defined benefit obligation increase/(decrease): Increase in assumption	Decrease in assumption
(J)	1 Discount Rate	**2017**	**1%**	**(271)**	**334**
		2016	1%	(218)	268
		2015	1%	(188)	231
	2 Salary Escalation (%)	**2017**	**1%**	**281**	**(240)**
		2016	1%	226	(193)
		2015	1%	198	(169)

Rs. in Lakhs

(J) Sensitivity of the defined benefit obligation to changes:		Change in Assumption	Impact on defined benefit obligation increase/(decrease)	
			Increase in assumption	Decrease in assumption
3 Withdrawal Rate (%) (Others)	**2017**	**1%**	**(26)**	**29**
	2016	1%	(13)	14
	2015	1%	(15)	15

Note:

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.

(K) Maturity profile of defined benefit obligation:

Rs. in Lakhs

Principal Actuarial Assumptions :	2017	2016	2015
Within 1 year	**125**	135	97
1 - 2 year	**104**	97	96
2 - 3 year	**232**	101	95
3 - 4 year	**130**	225	100
4 - 5 year	**152**	127	219
5 year & Above	**1017**	926	823

(L) The weighted average duration of the defined benefit obligation as at 31st March, 2017 is 22.16 years (31st March, 2016 - 22.26 years, 1st April, 2015 - 21.33 years

NOTE 38 –

The net difference in foreign exchange loss debited to the Statement of Profit and Loss is a gain of Rs. 43 Lakhs (31st March, 2016 loss of Rs. 306 Lakhs)

NOTE 39 – BUSINESS COMBINATIONS

The Board of Directors of the Company at its meeting held on 4th March, 2015 approved to acquire the entire business (excluding certain assets and liabilities) of Mahindra North American Technical Centre, Inc. (MNATC), engaged in the business of Engineering and Developing Vehicles for Automotive market, for a consideration of USD 2.907 MN based on an independent valuer's report w.e.f. 1st April, 2015. The Company has accounted for the acquired assets and assumed liabilities at their book values on that date and the excess of consideration paid, over the net of assets acquired and liabilities assumed, aggregating to USD 0.096 MN (Rs. 60 Lakhs) has been accounted as Capital Reserve.

NOTE 40 –

The Board of Directors of the Company, it's holding company – Mahindra & Mahindra Limited (M&M) and it's subsidiary company – Mahindra Two Wheelers Limited (MTWL), in their respective meetings held on December 3, 2016, approved, subject to regulatory approvals the Scheme of Arrangement for demerger of the Two Wheelers Business, inter alia, consisting of entire undertaking, business, activities and operations pertaining to the Two Wheelers Business ("Demerged Undertaking") of MTWL and its transfer as a going concern to M&M with effect from 1st October, 2016 or such other date as may be directed or approved by the High Court ("the Appointed Date"), in consideration of allotment of 1 (One) Ordinary (Equity) Shares of Rs. 5 each fully paid-up of M&M to the minority shareholders of MTWL for every 461 (Four Hundred Sixty One) equity shares fully paid-up held by them in the Company, based on an independent joint valuation report.

On implementation of the said scheme, the Company's share of the value of the Demerged Undertaking corresponding to the equity shares held by the Company in MTWL, deemed to be repatriation of investments amounting to Rs. 80,493 Lakhs disclosed as assets held for distribution will be adjusted the retained earnings. Pending regulatory approvals for implementation of the scheme, no adjustments thereof has been made in the books of accounts as at 31st March, 2017.

NOTE 41 – EXCEPTIONAL ITEM

Exceptional item includes Rs. 34,727 lakhs towards provision for impairment of certain non current investments, based on an independent valuation.

NOTE 42 – LEASES

(A) The supply arrangement between the Company and Mahindra & Mahindra (M&M) is classified as an operating lease in terms of Appendix C of Ind AS 17 Leases. In accordance with the arrangement, the payments made by M&M to the company are only towards the purchase of vehicles and spare parts and not towards any lease arrangement and accordingly does not require separation of lease payments. The management has accordingly disclosed it as sale of products (Note 27).

(B) The total of future minimum lease payments under non-cancellable operating lease:

Rs. in Lakhs

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
(i) Not later than one year	**363**	357	–
(ii) Later than one year and not later than five years.	**291**	349	–
(iii) Later than five years	–	–	–
Total	**654**	706	–

a) Lease payments recognised in the statement of profit and loss for the year Rs. 774 Lakhs (31st March, 2016 – Rs. 723 Lakhs)

b) The lease agreements are for premises taken on lease and office equipment's.

(C) Assets given on operating lease: General description of significant lease arrangement – The Company has entered into cancellable operating lease arrangement for building and sub-lease of land.

Rs. in Lakhs

Building

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
(i) Gross Block	**2,176**	2,176	2,115
(ii) Accumulated Depreciation/Amortisation	**517**	423	330
(iii) Depreciation/Amortisation in the year	**94**	93	92

Rs. in Lakhs

Sub Lease of Land

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
(i) Gross Block	**1,277**	1,273	1,269
(ii) Accumulated Depreciation/Amortisation	**104**	91	78
(iii) Depreciation/Amortisation in the year	**13**	13	13

NOTE 43 – EARNING PER SHARE

Particulars	For the year ended on 31st March, 2017	For the year ended on 31st March, 2016
A. Profit for the year (Rs. in Lakhs)	2,504	27,688
B. Weighted Average Number of Equity Shares for Basic & Diluted EPS	3,453,799,201	1,202,140,710
C. Basic & Diluted EPS in (Rs. In Lakhs) (Face value of Rs.10 per share)	0.07	2.30

NOTE 44 – RELATED PARTY DISCLOSURES:

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

Name of Related Party	Nature of Relationship
Mahindra & Mahindra Limited	Holding Company
Mahindra Two Wheelers Limited	Subsidiary
Mahindra Two Wheelers Europe Holding S.a.r.l *	Subsidiary (ceased w.e.f. 27th September, 2016)
Peugeot Motocycles SAS *	Subsidiary (ceased w.e.f. 27th September, 2016)
Peugeot Motocycles Deutschland GmbH *	Subsidiary (ceased w.e.f. 27th September, 2016)
Peugeot Motocycles Italia S.p.A *	Subsidiary (ceased w.e.f. 27th September, 2016)
Mahindra Intertrade Limited	Subsidiary
Mahindra Steel Service Centre Limited *	Subsidiary
Mahindra MiddleEast Electrical Steel Service Centre FZC *	Subsidiary
Mahindra Electrical Steel Private Limited *	Subsidiary
Mahindra Auto Steel Private Limited *	Subsidiary
Mahindra Electric Mobility Limited (formerly known as Mahindra Reva Electric Vehicles Private Limited)	Subsidiary
Mahindra Heavy Engines Limited	Subsidiary
Mahindra MSTC Recycling Private Limited	Subsidiary (w.e.f. 16th December, 2016)

* Step down subsidiary

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

Name of Related Party	Nature of Relationship
Mahindra Logistics Limited	Joint Venture of Holding Company
Mahindra Trucks and Buses Limited	Fellow Subsidiary
Mahindra Gears & Transmissions Private Limited	Subsidiary of Associate
Mahindra Integrated Business Solutions Limited	Fellow Subsidiary
Ssangyong Motor Company, Korea	Fellow Subsidiary
Bristlecone India Limited	Fellow Subsidiary
Mahindra Susten Private Limited	Fellow Subsidiary
Mahindra & Mahindra Financial Services Limited	Fellow Subsidiary
Mahindra First Choice Services Limited	Fellow Subsidiary
Mahindra Defence Systems Limited	Fellow Subsidiary
Mahindra Graphic Research Design s.r.l.	Fellow Subsidiary
Lords Freight India Private Limited	Subsidiary of Joint Venture of Holding Company
Mahindra North America Technical Centre, Inc.	Fellow Subsidiary
Gippsaero Pty Ltd.	Subsidiary of Joint Venture of Holding Company
Mahindra Tractor Assembly Inc.	Fellow Subsidiary
Tech Mahindra Limited	Associate of Holding Company
Mahindra CIE Automotive Limited	Associate (w.e.f. 30th Dec, 2015)
Mahindra Sona Limited	Associate of Holding Company (ceased w.e.f. 16th Dec, 2016)

C) Key Managerial Personnel:

Name of Key Managerial Personnel
Mr. Pankaj Sonalkar
Mr. Dattatraya Nikam
Mr. Jignesh Parikh

D) Related Party Transactions:

Name of Related Party	Nature of Transactions	Amount of Transactions (Rs. in Lakhs)	Amount Outstanding at the end of year Credit (Rs. in Lakhs)	Amount Outstanding at the end of year Debit (Rs. in Lakhs)
Mahindra & Mahindra Limited	Purchase of Services	11		
		(1,384)		
	Purchase of Assets	160		
		(126)		
	Purchase of Material	64,584		
		(80,940)		
	Purchase of Investments	–		
		(367,955)		
	Reimbursements made	1,077		
		(1,011)		
	Other Expenses	–	89,977	
		(94)	*(148,187)*	
	Deposit Received	4		
		(2)		
	Dividend paid	8,932		
		(5,552)		
	Loan taken	60,000		
		(120,000)		
	Loan Repaid	120,000		
		(–)		
	Interest Expenses	8,906		
		(2,364)		
	Sale of goods	991,446		
		(897,811)		
	Sale of Asset	2		
		(14)		
	Sale of Services	20,714		79,887
		(26,894)		*(92,047)*
	Other Income	32		
		(32)		
	Issue of Equity Shares	73,570		
		(220,000)		
	Share Application Money Received/ (Allotted) (net)	2,600	2,600	
		(–)	*(–)*	

Name of Related Party	Nature of Transactions	Amount of Transactions (Rs. in Lakhs)	Amount Outstanding at the end of year Credit (Rs. in Lakhs)	Debit (Rs. in Lakhs)
Mahindra Electric Mobility Limited	Purchase of Material	299 *(–)*		
	Sale of goods	– *(1)*		
	Reimbursements received	– *(8)*	1 *(–)*	1 *(1)*
	Investment in Equity - Purchases/ Conversion	20,034 *(–)*		
	Deputation of Personal	59 *(–)*		
	Share Application Money Given/ (Converted)(net)	(300) *(2,300)*		2,000 *(2,300)*
Mahindra Two Wheeler Limited	Investment in Equity – Purchases/ Conversion	34,000 *(16,400)*		
Mahindra Intertrade Limited	Purchase of Material	11,161 *(13,074)*	233 *(301)*	
	Dividend received	1,992 *(–)*		
Mahindra Auto Steel Private Limited	Purchase of Material	5,251 *(3,127)*	120 *(81)*	
Mahindra Graphic Research Design s.r.l.	Purchase of Services	1,847 *(1,617)*	261 *(–)*	
Mahindra CIE Automotive Limited	Purchase of Material	9,702 *(7,971)*	1,867 *(1,164)*	
Mahindra Logistics Limited	Purchase of Services	6,724 *(5,655)*	1,304 *(598)*	
Mahindra Heavy Engine Limited	Purchase of Material	65,883 *(39,430)*	7,138 *(8,514)*	
	Reimbursements received	624 *(173)*		
	Sale of Material	– *(2)*		
	Investment in Equity – Purchases/ Conversion	8,600 *(–)*		
Mahindra Trucks and Buses Limited	Sale of goods	420 *(342)*		73 *(63)*
Mahindra Gears & Transmissions Private Limited	Purchase of Material	991 *(591)*	4 *(14)*	
Mahindra Integrated Business Solutions Limited	Purchase of Services	153 *(134)*	15 *(8)*	
Ssangyong Motor Company, Korea	Purchase of Material	51 *(1,868)*		
	Purchase of Services	– *(–)*	– *(6)*	
	Royalty Paid	20 *(2)*		
Bristlecone India Limited	Purchase of Services	– *(7)*	– *(–)*	
Mahindra Susten Private Limited	Purchase of Asset	52 *(195)*	50 *(160)*	
Mahindra & Mahindra Financial Services Limited	Other Income	79 *(26)*		6 *(23)*
Mahindra First Choice Services Limited	Purchase of Service	* *(*)*	– *(–)*	
Mahindra Defence Systems Limited	Purchase of Services	15 *(2)*	1 *(0)*	
Lords Freight India Private Limited	Purchase of Services	224 *(241)*	20 *(6)*	

Name of Related Party	Nature of Transactions	Amount of Transactions (Rs. in Lakhs)	Amount Outstanding at the end of year Credit (Rs. in Lakhs)	Debit (Rs. in Lakhs)
Tech Mahindra Limited	Purchase of Services	33	–	
		(37)	*(–)*	
	Reimbursement received	–		
		(51)		
Mahindra North America Technical Centre, Inc.	Purchase of Business	–		
		(1,812)	–	
	Reimbursements made to parties	–	(834)	
		(1,275)		
	Sale of Services	3,777		
		(–)		3,375
	Reimbursement Received from Parties	104		*(–)*
		(–)		
Gippsaero Pty Ltd.	Reimbursements received from parties	–		–
		(7)	–	*(7)*
Mahindra Sona Limited	Purchase of Goods	1,381	–	
		(2,022)	*(497)*	
Mahindra Tractor Assembly Inc.	Purchase of Services	–	–	
		(21)	*(–)*	
Mr. Pankaj Sonalkar	Remuneration			
		188		
Mr. Dattaraya Nikam	Remuneration	*(164)*		
Mr. Jignesh Parikh				

Figure in bracket and italics are of previous year

* Amount less than Rs. 50,000

NOTE 45 – COMMITMENTS:

(a) Uncalled liability on equity shares partly paid Rs. 1,050 Lakhs (31st March, 2016 – Rs. 1,050 Lakhs, 1st April, 2015 – Rs. Nil)

(b) Estimated amount of contracts remaining to be executed on capital account for tangible assets and not provided for Rs. 4,642 Lakhs (31st March, 2016 – Rs. 8,045 Lakhs, 1st April, 2015 – Rs. 46,478 Lakhs) and intangible assets Rs. Nil (2016 – Rs. Nil; 2015 – Rs. Nil)

NOTE 46 – CONTINGENT LIABILITY:

(a) Claims against the Company not acknowledged as debts comprise of Excise duty : Rs. 1,001 lakhs (2016 – Rs. 942 lakhs, 2015 – Rs. Nil)

NOTE 47 – SEGMENT REPORTING:

The Company is in the business of manufacture of passenger cars, medium and heavy commercial vehicles and construction equipments, predominantly in India, which represents single reportable business segment. These, in context of IND-AS 108 “Operating Segments” are considered to constitute one segment.

Revenue of the Company is mainly sale of products to its holding company.

NOTE 48 –

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

For and on behalf of the Board

Pankaj Sonalkar
CEO & Director
DIN: 02685465

Dattatraya Nikam
CFO

Jignesh Parikh
Company Secretary

Dr. Pawan Kumar Goenka	DIN : 00254502	Directors
Rajan Wadhera	DIN : 00416429	Directors
Smita Mankad	DIN : 02009838	Directors
Rahul Asthana	DIN : 00234247	Directors

Place: Mumbai
Date: 2nd May, 2017

Form AOC 1

Pursuant to first proviso to Sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rule, 2014

Statement containing sailent features of the financial statements of subsidiaries/associate company/joint ventures

Part A : Subsidiaries

Rs. in lakhs

S. No	Name of the Subsidiary	The date since when subsidiary was acquired	Reporting Currency	Exchange Rate	Share Capital	Reserves & Surplus	Total Assets	Total Lilibities	Investment (excluding investment in subsidiaries)	Gross Turnover	Profit/ (Loss) before Tax	Provision for Tax	Profit/ (Loss) after Tax	Proposed Dividend and Tax thereon	Proportion of ownership interest
1	Mahindra Intertrade Limited	30th Dec 2015	INR	1.00	1,660	47,994	70,507	20,853	5,755	100,720	9,029	3,062	5,967	2,398	100.00%
2	Mahindra Steel Service Centre Limited	30th Dec 2015	INR	1.00	1,654	8,162	18,651	8,835	–	24,436	532	196	336	82	61.00%
3	Mahindra MSTC Recycling Private Limited**	16th Dec 2016	INR	1.00	620	(94)	548	22	–	3	(92)	1	(93)	–	50.00%
4	Mahindra MiddleEast Electrical Steel Service Centre FZC	30th Dec 2015	AED	17.67	357	2,679	7,027	3,991	–	6,821	76	–	76	–	90.00%
5	Mahindra Electrical Steel Private Limited**	30th Dec 2015	INR	1.00	30	(121)	734	825	–	–	(105)	28	(77)	–	100.00%
6	Mahindra Auto Steel Private Limited	30th Dec 2015	INR	1.00	6,850	1,042	11,690	3,798	250	10,746	1,126	404	722	181	51.00%
7	Mahindra Electric Mobility Limited	30th Dec 2015	INR	1.00	20,757	2,091	33,068	10,220	495	11,957	(11,318)	–	(11,318)	–	98.87%
8	Mahindra Heavy Engines Limited	9th Feb 2016	INR	1.00	63,440	(30,424)	56,601	23,585	1,000	72,224	2,727	–	2,727	–	100.00%
9	Mahindra Two Wheelers Limited	18th Feb 2016	INR	1.00	299,839	(285,820)	36,419	22,400	–	33,389	(47,181)	(21)	(47,160)	–	92.25%

** Denotes companies yet to commence operations

Subsidiaries which ceased during the year are Mahindra Two Wheelers Europe Holding S.a.r.l, Peugeot Motocycles S.A.S, Peugeot Motocycles Deutschland GmbH, Peugeot Motocycles Italia S.p.A

Part B: Associates/Joint Ventures

	Name of the associate/joint venture	Latest audited Balance Sheet Date	Date on which the Associate or Joint Venture was associated or acquired	No. of Equity Shares Held	% of Holding	Cost of Investments (Equity Shares)	Networth Attributable to Shareholding as per latest audited Balance Sheet	Profit /(Loss) for the year	
								Considered in Consolidation	Not Considered in Consolidation
1	Mahindra CIE Automotive Limited	30th Dec 2016	30th Dec 2015	65271407	17.26%	164917	59781	888	4257

For and on behalf of the Board

Dr. Pawan Kumar Goenka DIN : 00254502
Rajan Wadhera DIN : 00416429
Smita Mankad DIN : 02009838
Rahul Asthana DIN : 00234247
Directors

Pankaj Sonalkar
CEO & Director
DIN: 02685465

Dattatraya Nikam
CFO

Jignesh Parikh
Company Secretary

Place: Mumbai
Date: 2nd May, 2017

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Twenty First 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	**Financial Year Ended 31st March, 2017**	Financial Year Ended 31st March, 2016
Revenue	**13,315.11**	18,886.29
Profit/(Loss) before Interest, Depreciation, Amortisation Expenses and Taxation	**(112.53)**	38.63
Less: Interest	**239.23**	142.46
Less: Depreciation and Amortisation Expenses	**156.45**	147.89
Profit/(Loss) before Taxation	**(508.22)**	(251.73)
Other Comprehensive Income	**9.25**	9.46
Less: Provision for Taxation	**–**	–
Provision for Deferred Tax	**–**	–
Profit/(Loss) after Taxation	**(498.97)**	(242.27)
Profit/(Loss) brought forward from earlier years	**(1210.48)**	(968.19)
Balance of Profit/(Loss) carried forward	**(1709.45)**	(1210.46)
Net Worth	**(738.92)**	(239.93)

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 under review till the date of this report which would affect the financial position of the Company.

Operations

During the year under review, the Company faced challenges due to ban of Bharat Stage III vehicles for registration in its territory as well as the impact of demonetization. The sales were also affected due to lower demand for our portfolio & ease of availability of other competitive products in the niche segment.

Several initiatives were taken to build customer relationship and scale up capacity of the sales and service team throughout the year.

New vehicle sales has dropped by 29% over previous year. The Company has taken several initiatives to improve margins & focussed on allied businesses. This helped to control the losses of the Company at Rs. 498.97 Lakhs against Rs. 242.29 Lakhs in the previous year.

Due to the loss for the year, there has been a significant impact on the net worth of the Company. However, your Company shall strive to recover profitability in the longer term

Dividend

In view of the losses, your Directors have not considered any dividend for the Financial Year under review.

Board of Directors

The Composition of Board of Directors of the Company is as under:

Sl. No.	Name of the Director	Designation	Executive/ Non-Executive	Independent/ Non Independent
1	Mr. Pravin Nagindas Shah (DIN: 00056173)	Chairman	Non-Executive	Non Independent
2	Mr. Bharat Moossaddee (DIN: 02166403)*	Director	Non-Executive	Non Independent
3	Mr. Rajeshwar Tripathi (DIN: 06734734)	Director	Non-Executive	Non Independent
4	Mr. Ramesh Ganesh Iyer (DIN: 00220759)	Director	Non-Executive	Non Independent
5	Mr. Nozar Cavas Bharucha (DIN: 03315303)**	Director	Non-Executive	Non Independent
6	Mr. Vijay Ramswaroop Nakra (DIN: 02638616)	Director	Executive	Non Independent

Sl. No.	Name of the Director	Designation	Executive/ Non-Executive	Independent/ Non Independent
7	Mr. Subhash Chandra Bhargava (DIN: 00020021)	Director	Non-Executive	Independent
8	Mr. Rahul Durgaprasad Asthana (DIN: 00234247)	Director	Non-Executive	Independent

* Appointed as Director on 26th April, 2017.

** Resigned as Director with effect from the closure of business hours of 5th May, 2017.

Your Board takes this opportunity to place on record the valuable contribution made by Mr. Nozar Bharucha during his association with the Company.

Mr. Bharat Moossaddee (DIN: 02166403) was appointed as Additional Director on 26th April, 2017 and holds office up to the ensuing Annual General Meeting only. Your Company has received notice from a member intimating its intention to propose, at the ensuing Annual General Meeting, the appointment of Mr. Bharat Moossaddee. The Board recommends to the shareholders his appointment as Director.

Mr. Rajeshwar Tripathi (DIN: 06734734) retires by rotation and, being eligible, has offered himself for re-appointment at the forthcoming Annual General Meeting of the Company.

Your Company has received declarations from Mr. Rahul Asthana (DIN: 00234247) and Mr. S C Bhargava (DIN: 00020021), Independent Directors, to the effect that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

All the Directors of your Company have given requisite declarations pursuant to Section 164 of the Companies Act, 2013 that they are not disqualified for appointment/ reappointment as Directors.

Meetings of the Board and Annual General Meeting

Your Board of Directors met 4 times during the year under review i.e. on 26th April, 2016, 26th July, 2016, 27th October, 2016 and 30th January, 2017.

20th Annual General Meeting of the Shareholders of the Company was held on 26th July, 2016.

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

Name of Directors	No. of meetings attended
Mr. Pravin Shah	4
Mr. Rajeshwar Tripathi	3
Mr. Ramesh Iyer	3
Mr. Nozar Bharucha	3
Mr. Vijay Nakra	4
Mr. S C Bhargava	4
Mr. Rahul Asthana	4

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 year ended on that date;

(iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the annual accounts have been prepared on a going concern basis.

(v) Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Codes of Conduct

Your Company has, adopted Codes of Conduct for Corporate Governance ("the Codes") for its Directors and Senior Management Personnel and Employees. These Codes enunciate the underlying principles governing the conduct of your Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of your Company's ethos.

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

Meeting of Independent Directors

The Independent Directors of the Company met on 27th October, 2016 without the presence of the Chairman or Executive Director or other Non-Independent Directors or any other Management Personnel. The Meeting was conducted in an informal and flexible manner to enable the Independent Directors to discuss matters pertaining to, inter alia, review of performance of Non-Independent Directors and the Board as a whole, review the performance of the Chairman of the Company (taking into account the views of the Executive and Non-Executive Directors), assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Evaluation of Performance of Independent Directors

Your Directors at their meeting held on 5th May, 2017, carried out annual evaluation of performance of Independent Directors.

Committees of the Board:

Audit Committee

The Audit Committee consists of Mr. Rahul Asthana, Independent Director, Mr. S C Bhargava, Independent Director and Mr. Nozar Bharucha, Director.

The Committee met 4 times during the year i.e., on 26th April, 2016, 26th July, 2016, 27th October, 2016 and 30th January, 2017 and complied with the terms of reference assigned to the Committee.

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

Name of Directors	No. of meetings attended
Mr. Nozar Bharucha	3
Mr. S C Bhargava	4
Mr. Rahul Asthana	4

Reconstitution of Audit committee

The Committee was reconstituted on 5th May, 2017 following the resignation of Mr. Nozar Bharucha as Director from the closure of business hours of 5th May, 2017.

The Reconstituted Audit Committee now consists of Mr. Rahul Asthana, Independent Director, Mr. S C Bhargava, Independent Director and Mr. Bharat Moossaddee, Director.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of Mr. Rahul Asthana, Independent Director, Mr. S C Bhargava, Independent Director, Mr. Ramesh Iyer and Mr. Rajeshwar Tripathi, Directors.

Mr. Rajeshwar Tripathi is the Chairman of the Nomination and Remuneration Committee.

The Committee met once during the year under review i.e. on 26th April, 2016.

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

Name of Directors	No. of meetings attended
Mr. Rajeshwar Tripathi	None
Mr. Ramesh Iyer	None
Mr. S C Bhargava	1
Mr. Rahul Asthana	1

Evaluation of Performance of Directors

Nonimation and Remuneration Committee members at their meeting held on 5th May, 2017 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.

Key Managerial Personnel.

During the year under review, Mr. Sudhir Shah resigned as Chief Executive Officer W.e.f. 15th April, 2016 and Ms. Binal Thakker resigned as Company Secretary with effect from 9th November, 2016.

Mr. Vijay Nakra, whose three year term as Whole Time Director expires on 15th September, 2017 has been re-appointed, subject to the approval of Shareholders, for a further period of three years with effect from 16th September, 2017. Your Board recommends his re-appointment as Whole Time Directors to the Shareholders.

Ms. Anuja More was appointed as Company Secretary on 5th May, 2017.

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

Policies for remuneration of Directors, Key Managerial Personnel and other Employees and for the appointment/removal of Directors and Senior Management Personnel are in place. The same are in line with the principles of transparency and consistency and approved by the Board upon recommendation of Nomination and Remuneration Committee.

The policies are furnished as **Annexure I** and form part of this Report.

Risk Management Policy

Your Company has a Risk Management Policy in force. The policy identifies elements of risk, if any, which may threaten the existence of the Company. The well devised policy enables your company to foresee the risks associated with the business of the Company and in managing the same if confronted with.

Internal Financial Controls

Your Company has an adequate system of internal controls and monitoring procedures as well as internal financial controls on Financial Statements commensurate with the size and the nature of its business. The internal control system is supplemented by documented policies, guidelines and procedures. Besides the Company regularly conducts reviews to assess the adequacy of Financial and operating controls for various businesses of the Company. Significant issues, if any, are brought to the attention of the Audit Committee. The Internal Audit function submits detailed reports to the management and the Audit Committee. The Audit Committee reviews these reports with the operating management with a view to provide oversight of the internal control systems.

Corporate Social Responsibility

The provisions relating to Corporate Social Responsibility were not applicable to your Company for the year under review.

Safety, Health and Environmental Performance

Your Company's commitment towards safety, health and environment is strong and persons working at your Company's facilities are given training on safety and health.

Sustainability

Your Company continues with its journey on sustainable development with conscious efforts to minimize the environmental impact caused by its operations and simultaneously taking responsibility to enable communities to Rise without losing focus on economic performance.

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. All employees (permanent, contractual, temporary, trainees) are covered under this Policy. The Policy is gender neutral.

During the year under review, 2 complaints with allegations of sexual harassment were filed, all of which were disposed-off as per the provisions of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Statutory Auditors & Auditors Report

Messrs. B K Khare & Co, Chartered Accountants, (ICAI registration Number 105102W) were appointed, as Auditors of your Company, at its 18th Annual General Meeting held on 1st August, 2014 from its conclusion till the conclusion of 23rd Annual General Meeting. In terms of Section 139(1) of Companies Act, 2013, such appointment is required to be ratified by members at every Annual General Meeting.

The members are requested to ratify the appointment of Auditors so made at the forthcoming Annual General Meeting and fix their remuneration.

As required under the provisions of section 139 of the Companies Act, 2013, your Company has obtained a written consent and certificate from the above Auditors to the effect that their appointment, if ratification made, would be in conformity with the conditions and criteria specified therein.

The Auditors' Report does not contain any qualification, reservation or adverse remark.

Reporting on Frauds by Auditors

During the year under review, the Statutory Auditors have not reported any instances of frauds committed in the Company by its officers or employees to the Audit Committee under section 143 (12) of the Companies Act 2013 and Rules made thereunder, details of which are required to be furnished in this report.

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

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under section 134(3) (m) of the Companies Act, 2013 read with the Companies Rule 8 (3) of The Companies (Accounts) Rules, 2014 are given as **Annexure II** and forms part of this Report.

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

During the year under review, your Company had not made any investment or given loans/guarantees of the nature covered under section 186.

Public Deposits and Loans/Advances

Your Company had not accepted any deposits from the public, or its employees, within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 during the year under review and there was no amount which qualified as deposit outstanding as on the date of balance sheet.

Your Company had not made any loans/advances particulars in respect of which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34(3) and 53 (f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 read with Schedule V applicable to Parent Company Mahindra and Mahindra Limited.

Particulars of Transactions with Related Parties

There were no contracts/arrangements/transactions entered, during the year under review with related parties, which are in the nature of transactions referred to in sub Section 1 of Section 188 of Companies Act, 2013, and Rules made thereunder.

Particulars of material contracts or arrangements or transactions with related parties, required to be furnished in terms of Section 134 of Companies Act, 2013 are furnished in form AOC – 2 as **Annexure III** and 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.

General

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

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of Shares (Including Sweat Equity Shares) to employees of the Company under any Scheme.
3. Significant or material orders by Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
4. Loan by the Company to purchase or subscribe shares having voting rights and not exercised directly by the employees.
5. Particulars of employees, since the provisions of Section 197 (12) of the Companies Act, 2013 and the Rule 5 (2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, are not applicable to an unlisted Company.

Acknowledgements

Your Directors are pleased to take this opportunity to thank the Management, Bankers, Customers, Vendors, Employees and all the other Stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board

P. N. SHAH
Chairman

Place: Mumbai
Date: 5th May, 2017

ANNEXURE I TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 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 NBS International Limited.

Policy Statement

We have a well-defined Compensation policy for Directors, Key Managerial Personnel and all employees, The overall compensation philosophy which guides us is that in order to achieve dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the industry while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

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

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

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

Executive Directors:

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

Key Managerial Personnel (KMPs)

The terms of remuneration of Chief Executive officer, Chief Financial Officer (CFO) and Company Secretary (CS) shall be determined by the Board and may be revised from time to time, either by any Director or such other person as may be authorised by the Board. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Companies Act 2013 the Board shall approve the remuneration at the time of their appointment.

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

Employees

We follow a differential approach based on industry benchmarking and statutory requirement, depending upon the level in the organization i.e. for all employees from Technician to Senior Management Band, we benchmark with competitors from the same industry.

We have a CTC (Cost to Company) concept. In Managerial and Senior Managerial band starting from Grade M3 and above CTC includes a fixed component (Guaranteed Pay) and a variable component (Performance pay). The percentage of the variable component increases with increasing hierarchy levels, as we believe employees at higher positions have a far greater impact and influence on the overall business result. The CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality
- Longevity in grade

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

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

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

DEFINITIONS

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

"Board" means Board of Directors of the Company.

"Company" means NBS International Limited.

"Committee(s)" means Committees of the Board for the time being in force.

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

"HR" means the Human Resource department of the Company.

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

(i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)

(ii) Chief Financial Officer (CFO); and

(iii) Company Secretary (CS).

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

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

I. APPOINTMENT OF DIRECTORS

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

REMOVAL OF DIRECTORS

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

SENIOR MANAGEMENT PERSONNEL

- The NRC shall identify persons who are qualified to become directors and who may be appointed in senior management team in accordance with the criteria laid down above.
- Senior Management personnel are appointed or promoted and removed/relieved with the authority of Chairman/ Managing Director based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

II. SUCCESSION PLANNING:

Purpose

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

Board:

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

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

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

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

Senior Management Personnel:

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

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

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

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

Policy Statement

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

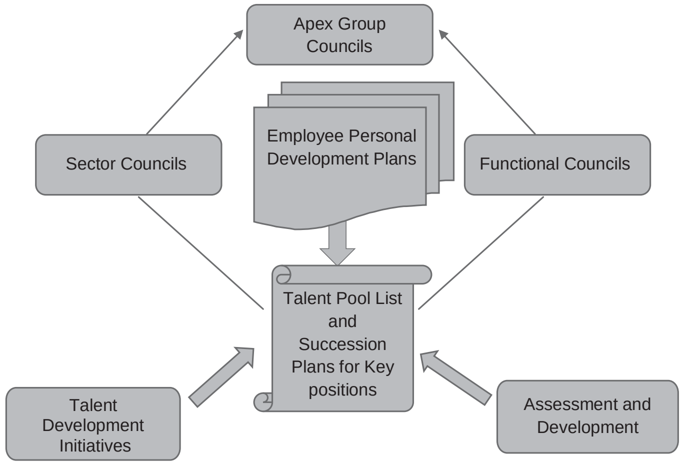
1) Given the strategic business plans, do we have the skills and competencies required to implement them? If not, how do we create them – by developing them internally or through lateral induction from outside?
2) For critical positions, what is the succession pipeline?
3) What are the individual development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

P. N. SHAH
Chairman

Place: Mumbai

Date: 5th May, 2017

ANNEXURE II 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:**

Though the activities/operations of the Company are not power intensive, necessary measures are taken to contain and bring about saving in power consumption through improved operational methods, better house-keeping and awareness programmes

(b) the steps taken by the Company for utilizing alternate sources of energy: Nil

(c) the capital investment on energy conservation equipments: Nil

B. TECHNOLOGY ABSORPTION

i) the efforts made towards technology absorption : **Not Applicable**

ii) the benefits derived like product improvement, cost reduction, product development or import substitution: **Nil**

iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – **Not Applicable**

(a) the details of technology imported:

(b) the year of import

(c) whether the technology been fully absorbed:

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof:

iv. the expenditure incurred on Research and Development : **Nil**

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: *Nil*

For and on behalf of the Board

P. N. SHAH
Chairman

Place: Mumbai

Date: 5th May, 2017

ANNEXURE III TO THE DIRECTORS' REPORT FOR THE 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.

Amount in Lakhs

Sr. No	Name (s) of the related party & Nature of Relationship		Nature of contract	Duration of the Transaction	Salient terms of the Transaction including the value, if any		Date of Approval by the Board	Amount paid as advances, if any
1	Mahindra & Mahindra Limited	Holding Co.	Purchase of Vehicles & Spares	1st Apr 16 to 31st Mar 17	Prevailing rates	12,047.28	N.A.	–
2	Mahindra & Mahindra Financial Services	Fellow Subsidary Company	Trade Advance	1st Apr 16 to 31st Mar 17	Prevailing rates	3808.22	N.A.	–

- Note: for the purpose of materiality, the following criteria have been considered.
- Contracts/transactions/arrangements for sale, purchase, or supply of any goods or materials amounting to 10% or more of turnover of the Company or Rs. one hundred crore, whichever is lower is considered as material.
- Contracts/transactions/arrangements for selling or otherwise disposing of or buying property of any kind amounting to 10% or more of net worth of the Company or Rs. one hundred crore, whichever is lower is considered as material.
- Contracts/transactions/arrangements for leasing of property of any kind amounting to 10% or more of the net worth of the Company or 10 % or more of turnover of the Company, whichever is lower is considered as material.
- Contracts/transactions/arrangements for rendering of services amounting to 10% or more of turnover of the Company or Rs. fifty crores, whichever is lower is considered as material.

For and on behalf of the Board

P. N. SHAH
Chairman

Place: Mumbai
Date: 5th May, 2017

ANNEXURE IV 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**	U18101MH1995PLC095482
2.	**Registration Date**	19/12/1995
3.	**Name of the Company**	NBS International 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**	10, Stone Building, Shop No.1, Opp. Chowpatty Sea Face, Mumbai 400 007. Tel. Ph. : 022 6624 4666 Fax No: 022 2364 1981
6.	**Whether listed Company (Yes/No)**	No
7.	**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	% to total turnover of the Company.
1	Wholesale and retail sale of new vehicles (passenger motor vehicles, ambulances, minibuses, jeeps, trucks, trailers and semi-trailers)	45101	85.52
2	Maintenance & repairs of vehicles	45200	14.48

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra & Mahindra Limited, Gateway Building, Apollo Bunder, Mumbai 400 001.	L65990MH1945PLC004558	Holding Company	100%	2 (46)

iv. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding.

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	–	95,50,500	95,50,500	100	–	95,50,500	95,50,500	100	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	
e. Bank/FI	–	–	–	–	–	–	–	–	–
f. Any Other	–	–	–	–	–	–	–	–	–
Sub-Total- A-(1)	–	95,50,500	95,50,500	100	–	95,50,500	95,50,500	100	0
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)(1)+(A)(2)	–	95,50,500	95,50,500	100	–	95,50,500	95,50,500	100	0
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. Lakh	–	–	–	–	–	–	–	–	–
c. Others	–	–	–	–	–	–	–	–	–
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)	–	**95,50,500**	**95,50,500**	**100**	–	**95,50,500**	**95,50,500**	**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	95,50,390	99.79	–	95,50,390	99.79	–	–
2	Mahindra & Mahindra Limited Jointly with Mr. Jayant Golgota*	1	0.00	–	0	0.00	–	–
3	Mahindra & Mahindra Limited Jointly with Mr. Ulhas N. Yargop*	1	0.00	–	1	0.00	–	–
4	Mahindra & Mahindra Limited Jointly with Mr. Pravin N. Shah*	1	0.00	–	1	0.00	–	–
5	Mahindra & Mahindra Limited Jointly with Mr. A G Tawde*	1	0.00	–	0	0.00	–	–
6	Mahindra & Mahindra Limited Jointly with Mr. S. Durgashankar*	1	0.00	–	1	0.00	–	–
7	Mahindra & Mahindra Limited Jointly with Mr. A M Choksey*	1	0.00	–	0	0.00	–	–
8	Mahindra & Mahindra Limited Jointly with Mr. V K Garg*	94	0.19	–	0	0.00	–	(0.19)
9	Mahindra & Mahindra Limited Jointly with Dr. Pawan Kumar Goenka*	0	0.00	–	1	0.00	–	–
10	Mahindra & Mahindra Limited Jointly with Mr. Bharat Moossaddee*	0	0.00	–	1	0.00	–	–
11	Mahindra & Mahindra Limited Jointly with Mr. K Chandrasekar*	0	0.00	–	1	0.00	–	–
12	Mahindra & Mahindra Limited Jointly with Mr. Narayan Shankar*	0	0.00	–	94	0.19	–	0.19
13	Mahindra Holdings Limited	10	0.02	–	10	0.02	–	–

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

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

Sr. No.	Name of the Promoter	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
1	Mahindra and Mahindra Limited	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year	95,50,500	100.00	–	–
	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)	–	–	95,50,500	100.00

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

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

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		During the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	Mr. P N Shah, Director (jointly with Mahindra and Mahindra Limited)				
	At the beginning of the year	1	0	1	0
	Date wise Increase/Decrease in Promoter's Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):	–	–	–	–
	At the end of the year	1	0	1	0

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 01.04.2016				Nil
1) Principal Amount	15.00	5.12	0.00	20.12
2) Interest due but not paid	0.00	0.00	0.00	0.00
3) Interest accrued but not due	0.19	0.00 0.	0.00	0.19
Total of (1+2+3)	15.19	5.12	0.00	20.31
Change in Indebtedness during the financial year				
+ Addition	0.0	15.09	0.00	15.09
– Reduction	10.14	0.00	0.00	10.14
Net change	(10.14)	15.09	0.00	04.95
Indebtedness at the end of the financial year 31.03.2017				
1) Principal Amount	5.00	20.21	0.00	25.21
2) Interest due but not paid	0.00	0.00	0.00	0.00
3) Interest accrued but not due	0.05	0.00	0.00	0.05
Total of (1+2+3)	**5.05**	**20.21**	**0.00**	**25.26**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Rs. In Lakhs)

Sr. No.	Particulars of Remuneration	Mr. Vijay Nakra	Total Amount
1.	Gross Salary	5.00	5.00
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	–	–
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	–	–
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission – As % of Profit – Others, specify	–	–
5.	Others, please specify	–	–
	Total (A)	**5.00**	**5.00**
	Ceiling as per the Act	Rs. 60 Lakhs p.a. as per Schedule V to the Companies Act, 2013	

B. Remuneration to other directors:

(Rs. In Lakhs)

Particulars of Remuneration	Name of Directors		Total Amount
	Mr. Rahul Asthana (ID)	Mr. S C Bhargava (ID)	
1. Independent Directors	2.20	2.20	4.40
• Fee for attending board/committee meetings	–	–	–
• Commission	–	–	–
• Others, please specify	–	–	–
Total (1)	2.20	2.20	4.40
2. Other Non-Executive Directors	–	–	–
• Fee for attending board/committee meetings	–	–	–
• Commission	–	–	–
• Others, please specify	–	–	–
Total (2)	–	–	–
Total B = (1+2)	**2.20**	**2.20**	**4.40**
Total Managerial Remuneration	–	–	–
Overall Ceiling as per the Act	–	–	Sitting fees Rs. 1 lakh per meeting per Independent Director as specified under Companies Act, 2013

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

(Rs. In Lakhs)

Sr. No.	Particulars of Remuneration	Name of the KMP		Total Amount
		Mr. Sudhir Shah CEO . (1.04.2016 to 15.04.2016)	Ms. Binal Thakker Company Secretary (from 01.04.2016 to 09.11.2016)	
1.	Gross Salary	3.19		3.19
	(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, please specify	NIL	–	–
5.	Others, specify	–	1.88	1.88
	Total	**3.19**	**1.88**	**5.07**

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES (Under the Companies Act):

A. Company

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/Court)	Appeal made, if any (give details)
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

B. Directors

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/Court)	Appeal made, if any (give details)
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

C. Other Officers in Default

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/Court)	Appeal made, if any (give details)
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

For and on behalf of the Board

P. N. SHAH
Chairman

Mumbai, 5th May, 2017

INDEPENDENT AUDITOR'S REPORT

To

the Members of **NBS INTERNATIONAL LIMITED**

Report on the Financial Statements

1. We have audited the accompanying Ind AS financial statements of **NBS International Limited** ("the Company"), which comprise the balance sheet as at March 31, 2017, and the statements of profit and loss (including other comprehensive income), 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

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 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 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.

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 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.

Other Matters

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 prepared in accordance with Ind AS 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 and May 09, 2015, 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 (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 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 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 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. During the year, there were no amounts 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. However, as stated in note 30 to the financial statements amounts aggregating to Rs. 19,000 as represented to us by the Management have been utilized for other than permitted transactions and received amount aggregating Rs. 1,48,500 from transactions which are not permitted.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration No. 105102W

Shirish Rahalkar
Partner
Membership Number: 111212

Mumbai, May 05, 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 **NBS International 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 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 had been physically verified by the Management in the previous year and no material discrepancies had been noticed in respect of assets verified during the previous 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 have any immovable property.

II. (a) The Inventory has been physically verified during the year by the management. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory of vehicles and spares and accessories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

(b) On the basis of the information and explanations given to us discrepancies noticed on physical verification of inventory of spares and accessories have been properly dealt with in the books of accounts.

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 not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified. Therefore, para 3(v) of the Order is not applicable to the company.

VI. The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act, for any of the services rendered by the Company.

VII. (a) According to the records of the Company and information and explanations given to us, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other applicable statutory dues with the appropriate authorities.

(b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Service Tax, duty of customs and Value Added Tax and other material statutory dues that were outstanding, at the year-end for a period of more than six months from the date they became payable.

(c) except for the following cases, there are no disputed dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax which have not been deposited with the relevant authority.

Nature of statute	Nature of dues	Amount (Rs in Lacs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	143.43	A.Y. 2012-13	Appeal filed against order passed by DCIT
Income Tax Act, 1961	Income Tax	32.72	A.Y. 2013-14	Appeal filed against order passed by DCIT
Income Tax Act, 1961	Income Tax	21.61	A.Y. 2014-15	Appeal filed against order passed by DCIT
The Maharashtra Value Added Tax, 2002	Value Added Tax	130.65	F.Y. 2010-11	Appeal filed against order passed by Sales Tax Officer

VIII. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the Balance Sheet date.

IX. 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). The term loans have been applied for the purposes for which they were obtained.

X. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of frauds by the company or any fraud on the Company by its officers or employees have been noticed nor have been reported during the year.

XI. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has paid or provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

XII. The Company is not a 'Nidhi Company', therefore, para 3(xii) of the 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's Registration No. 105102W

Shirish Rahalkar
Partner
Membership Number: 111212

Mumbai, May 05, 2017

ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF NBS INTERNATIONAL 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 NBS International 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 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 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 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

Mumbai, May 05, 2017

BALANCE SHEET AS AT MARCH 31, 2017

(Currency: Indian Rupees ` in Lacs)

	Particulars	Note No.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
I	**ASSETS**				
	NON-CURRENT ASSETS				
	(a) Property, Plant and Equipment	3	**691.68**	650.85	583.89
	(b) Capital Work-in-Progress		**0.47**	0.47	12.92
	(c) Other Intangible Assets	4	–	0.42	0.42
	(d) Financial Assets				
	(i) Loans	5	**40.01**	47.92	30.19
	(e) Deferred Tax Assets (Net)	6	–	–	–
	(f) Other Non-current Assets	7	**245.40**	246.62	170.28
	(g) Non Current Tax Asset (Net of Provision)		**168.12**	165.55	146.49
	SUB-TOTAL		**1,145.68**	1,111.83	944.19
	CURRENT ASSETS				
	(a) Inventories	8	**1,378.91**	1,661.54	1,472.47
	(b) Financial Assets				
	(i) Trade Receivables	9	**404.58**	617.70	560.70
	(ii) Cash and Cash Equivalents	10	**13.68**	44.67	281.30
	(iii) Other Financial Assets	11	**78.07**	134.39	28.54
	(c) Other Current Assets	7	**110.11**	141.75	115.66
	SUB-TOTAL		**1,985.35**	2,600.06	2,458.67
	TOTAL ASSETS		**3,131.03**	3,711.89	3,402.86
II	**EQUITY AND LIABILITIES**				
1	**EQUITY**				
	(a) Equity Share Capital	12	**955.05**	955.05	5.05
	(b) Other Equity		**(1,693.97)**	(1,194.98)	(952.71)
	SUB-TOTAL		**(738.92)**	(239.93)	(947.66)
	LIABILITIES				
2	**NON-CURRENT LIABILITIES**				
	(a) Provisions	13	**32.39**	49.54	47.46
	(b) Deferred Tax Liabilities (Net)	6	–	–	–
	SUB-TOTAL		**32.39**	49.54	47.46
3	**CURRENT LIABILITIES**				
	(a) Financial Liabilities				
	(i) Borrowings	14	**2,520.63**	2,012.56	–
	(ii) Trade Payables	15	**861.42**	1,395.74	4,056.64
	(iii) Other Financial Liabilities	16	**74.43**	106.67	11.71
	(b) Other Current Liabilities	17	**360.45**	380.07	228.09
	(c) Provisions	13	**20.63**	7.25	6.62
	SUB-TOTAL		**3,837.56**	3,902.28	4,303.06
	TOTAL		**3,131.03**	3,711.89	3,402.86

The accompanying notes 1 to 31 are an integral part of the Financial Statements

In terms of our report of even date

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Mumbai, May 05, 2017

For and on behalf of the Board of Directors of
NBS International Ltd.

P.N. Shah Chairman

Ramesh Iyer Director
Rajeshwar Tripathi Director
Vijay Nakra Director
Nozar Bharucha Director
Bharat Moossaddee Director
Rahul Asthana Director

Anuja More Company Secretary

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

(Currency: Indian Rupees ` in Lacs)

	Particulars	Note No.	Year Ended March 31, 2017	Year Ended March 31, 2016
	Continuing Operations			
I	Revenue from operations	18	**13,306.45**	18,885.97
II	Other Income	19	**8.66**	0.32
III	**Total Revenue (I + II)**		**13,315.11**	18,886.29
IV	**EXPENSES**			
	(a) Purchases of Stock-in-trade	20(a)	**11,410.38**	17,238.23
	(b) Changes in stock of finished goods, work-in-progress and stock-in-trade	20(b)	**282.63**	(189.07)
	(c) Employee benefit expense	21	**801.26**	820.17
	(d) Finance costs	22	**239.23**	142.46
	(e) Depreciation and amortisation expense	3	**156.46**	147.89
	(f) Other expenses	23	**933.39**	978.34
V	**Total Expenses**		**13,823.35**	19,138.02
VI	**Profit/(loss) before tax (III - IV)**		**(508.24)**	(251.73)
VII	**Tax Expense**			
	(1) Current tax		**–**	–
	(2) Deferred tax	6	**–**	–
	Total tax expense		**–**	–
VIII	**Profit/(loss) after tax from continuing operations (VI - VII)**		**(508.24)**	(251.73)
IX	**Other comprehensive income**		**9.25**	9.46
	A (i) Items that will not be recycled to profit or loss		**–**	–
	(a) Others (Actuarial Gain)		**9.25**	9.46
	(ii) Income tax relating to items that will not be reclassified to profit or loss		**–**	–
X	**Total comprehensive income for the period (VIII + IX)**		**(498.99)**	(242.27)
XI	**Total comprehensive income for the period attributable to:**			
	Owners of the Company		**(498.99)**	(242.27)
	Non controlling interests		**–**	–
XII	**Earnings per equity share (for continuing operation):**			
	(1) Basic	24	**(5.00)**	(3.0)
	(2) Diluted	24	**(5.00)**	(3.0)

The accompanying notes 1 to 31 are an integral part of the Financial Statements

In terms of our report of even date

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Mumbai, May 05, 2017

For and on behalf of the Board of Directors of
NBS International Ltd.

P.N. Shah	Chairman
Ramesh Iyer	Director
Rajeshwar Tripathi	Director
Vijay Nakra	Director
Nozar Bharucha	Director
Bharat Moossaddee	Director
Rahul Asthana	Director
Anuja More	Company Secretary

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

(Currency: Indian Rupees ` in Lacs)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Cash flows from operating activities		
Profit before tax for the year	**(508.24)**	(251.73)
Adjustments for:		
Finance costs recognised in profit or loss	**239.23**	142.46
(Gain)/loss on disposal of property, plant and equipment	**(5.12)**	2.87
Net gain/loss on Actuarial Valuation	**9.25**	9.46
Depreciation and amortisation of non-current assets	**156.45**	147.90
	(108.43)	50.97
Movements in working capital:		
(Increase)/decrease in trade and other receivables	**213.12**	(57.00)
(Increase)/decrease in inventories	**282.63**	(189.07)
(Increase)/decrease in other assets	**98.39**	(226.04)
Decrease in trade and other payables	**(534.31)**	(2,660.90)
Increase/(decrease) in provisions	**(3.77)**	2.71
(Decrease)/increase in other liabilities	**(51.86)**	246.94
Cash generated from operations	**(104.23)**	(2,832.40)
Income taxes paid	**(2.57)**	(19.06)
Net cash generated by operating activities	**(106.80)**	(2,851.46)
Cash flows from investing activities		
Payments for property, plant and equipment	**(281.40)**	(254.34)
Proceeds from disposal of property, plant and equipment	**88.37**	49.06
Net cash (used in)/generated by investing activities	**(193.03)**	(205.28)
Cash flows from financing activities		
Proceeds from issue of equity instruments of the Company		950.00
Proceeds from borrowings	**1,508.07**	3,012.56
Repayment of borrowings	**(1,000.00)**	(1,000.00)
Interest paid	**(239.23)**	(142.46)
Net cash used in financing activities	**268.84**	2,820.10
Net increase in cash and cash equivalents	**(30.99)**	(236.64)
Cash and cash equivalents at the beginning of the year	**44.67**	281.30
Cash and cash equivalents at the end of the year	**13.68**	44.67

In terms of our report of even date

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Mumbai, May 05, 2017

For and on behalf of the Board of Directors of
NBS International Ltd.

P.N. Shah	Chairman
Ramesh Iyer	Director
Rajeshwar Tripathi	Director
Vijay Nakra	Director
Nozar Bharucha	Director
Bharat Moossaddee	Director
Rahul Asthana	Director
Anuja More	Company Secretary

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

1. Nature of Operations:

NBS International Limited, a wholly owned subsidiary of Mahindra & Mahindra Limited engaged in the business of sales & servicing of motor vehicles.

2. Significant Accounting Policies:

a) Statement of compliance

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under the companies (Indian Accounting standards) Rules, 2015, as amended by the Companies (Indian Accounting Standards) Rules, 2016. The Company adopted Ind AS from 1st April, 2016.

The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency. All values are rounded to the nearest lakh.

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 where the transition date is 01st April, 2015.

b) Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis. 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:

(i) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

(ii) 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

(iii) Level 3 inputs are unobservable inputs for the asset or liability.

c) Use of estimates

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.

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:

d) First-time adoption of Ind AS – 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.

(i) 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).

(ii) Deemed cost for property, plant and equipment

The Company has not elected the exemption of previous GAAP carrying value of all its Property, Plant and Equipment recognised as of 1 April 2015 (transition date) as deemed cost. Consequently, cost in respect of property, plant and equipment has been retrospectively remeasured in accordance with Ind AS.

(iii) 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 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.

(iv) Determining whether an arrangement contains a lease

Company has taken exemption to assess if an arrangement contains a lease based on facts and circumstances as on transition date i.e. 01st April, 2015.

e) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(i) Sales of goods:

Sale of vehicles/spares parts and accessories of vehicles (including customized) is recognised when delivery is accepted by the customer. Sales are stated net of discounts, duties and sales taxes.

(ii) Service Income:

Service income is recognized as per the terms of the contract when the related services are rendered. It is stated net of service tax.

(iii) Interest income:

Interest income is recognized on time proportion basis.

(iv) Other Income:

Income from financing vehicles, Insurance Income and other service income are accounted on accrual basis.

f) Inventories

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

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Spare parts & accessories are valued at moving average rate.

g) Property, Plant & equipment

(i) All tangible fixed assets are carried at cost of acquisition less depreciation less accumulated impairment, if any.

(ii) Cost of intangible assets are being amortised over a period of five years on time proportion basis.

(iii) Depreciation on assets is calculated on Straight Line Method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

(iv) Assets costing less than or equal to Rs. 5,000 are depreciated fully in the year of purchase.

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

h) Retirement and Other Employee Benefits

For defined benefit retirement benefit plans, liability towards gratuity is determined using the projected unit credit method which considers each period of service as giving rights to an additional unit of benefit entitlement and measure each unit separately to build up the final obligation. Past services are recognized on straight line basis over the average period until the benefit becomes vested. Actuarial gains and losses are recognized immediately in the statement of profit and loss account as income or expenses. Obligation is measured at the present value of estimated future cash flow using discount rate i.e. determined by reference to market to yield at the balance sheet date on government bonds where the currency and terms of bonds are consistent with the currency and estimated terms of the defined benefit obligation.

Defined benefit costs are categorised as follows:

(i) service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements):

(ii) net interest expense or income; and

(iii) 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.

i) Taxation

(i) 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.

(ii) 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 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 realized, 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 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.

j) Impairment of assets

At the end of each reporting period, the management 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 management 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.

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 recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

k) Provisions and Contingencies

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present values and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

Contingent liabilities are disclosed in respect of possible obligations that have arisen from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of future events not wholly within the control of the Company.

When there is an obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

l) Financial Instruments

Financial assets and financial liabilities are recognised when a group 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.

m) Financial Assets

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 and other contractual rights to receive cash or other financial asset not designated as at FVTPL

n) Financial Liabilities

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.

o) Segment Reporting

The Company's business activity falls within a single business segment viz. 'Automotive'. All other activities of the Company revolve around its main business. Hence there is no separate reportable primary segment.

p) Cash-Flow Statement

Cash flows are reported using the indirect method, as set out in Ind AS 7 whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows are segregated on the basis of Operating, Investing & Financing activities of the company.

q) 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.

Note 3. – Property, Plant and Equipment

(Currency: Indian Rupees ` in Lacs)

Description of Assets	Buildings - Leasehold	Plant and Equipment - Freehold	EDP Equipments	Office Equipment	Furniture and Fixtures	Vehicles	Total
I. Gross Carrying Amount							
Balance as at 1 April 2015	178.08	244.79	60.29	48.25	48.81	362.47	942.69
Additions	11.74	26.15	2.12	9.07	27.22	190.49	266.79
Disposals	–	(5.87)	(1.89)	(9.33)	(7.34)	(105.38)	(129.81)
Balance as at 1 April 2016	189.82	265.07	60.52	47.99	68.70	447.58	1,079.67
Additions	43.15	7.61	15.89	8.54	4.64	200.29	280.12
Disposals	–	–	–	–	–	(150.76)	(150.76)
Balance as at 31 March 2017	**232.97**	**272.68**	**76.41**	**56.53**	**73.33**	**497.11**	**1,209.03**
II. Accumulated depreciation and impairment							
Balance as at 1 April 2015	62.08	91.46	49.22	27.34	17.17	111.53	358.80
Depreciation expense for the year	10.16	24.10	6.70	11.15	5.70	90.07	147.89
Eliminated on disposal of assets		(2.43)	(1.84)	(8.78)	(5.05)	(59.78)	(77.88)
Balance as at 1 April 2016	72.24	113.13	54.08	29.71	17.82	141.82	428.82
Depreciation expense for the year	10.41	26.32	4.72	12.33	7.62	94.66	156.04
Eliminated on disposal of assets						(67.51)	(67.51)
Balance as at 31 March 2017	**82.65**	**139.45**	**58.80**	**42.04**	**25.44**	**168.97**	**517.35**
III. Net carrying amount (I-II)							
Balance as at 1 April 2015	116.00	153.33	11.07	20.91	31.64	250.94	583.89
Balance as at 1 April 2016	117.58	151.94	6.44	18.27	50.87	305.76	650.85
Balance as at 31 March 2017	**150.32**	**133.23**	**17.61**	**14.49**	**47.89**	**328.14**	**691.68**

Note:

a. Fixed Assets are stated on cost less accumulated depreciation.

b. The total cost of assets comprises its purchase price, freight, duties, taxes and any other incidental expenses directly attributable to bringing the asset to the working condition for its intended use.

c. Company uses straight line method for accounting of depreciation on fixed assets.

d. The company has adopted the useful life of the class of assets as prescribed under Schedule II of the Companies Act, 2013. Residual Value of the Assets are fixed at 5%.

e. Leasehold Improvements are amortized over the period of lease or estimated period of useful life of such improvement, whichever is lower.

Note 4. – Other Intangible Assets

(Currency: Indian Rupees ` in Lacs)

	Description of Assets	Computer Software
I.	**Gross Carrying Amount**	
	Balance as at 1 April 2015	5.70
	Additions from separate acquisitions	
	Disposals	
	Balance as at 1 April 2016	5.70
	Additions from separate acquisitions	
	Disposals	
	Balance as at 31 March 2017	**5.70**
II.	**Accumulated depreciation and impairment**	
	Balance as at 1 April 2015	5.28
	Amortisation expense for the year	
	Balance as at 1 April 2016	5.28
	Amortisation expense for the year	0.42
	Balance as at 31 March 2017	**5.70**
III.	**Net carrying amount (I-II)**	
	Balance as at 1 April 2015	0.42
	Balance as at 1 April 2016	0.42
	Balance as at 31 March 2017	–

a. Useful life of the Intangible Asset is finite in nature.

b. The Cost of intangible asset is being amortised over a period of five years on time proportion basis.

Note 5. – Loans

(Currency: Indian Rupees ` in Lacs)

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
a) Security Deposits						
– Unsecured, considered good		**40.01**		47.92		30.19
TOTAL	**–**	**40.01**	–	47.92		30.19

Refer Note 25 for disclosures related to credit risk, impairment under expected credit loss model and related financial instrument disclosures.

Note 6. – Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Particulars	**Year ended March 31, 2017**	Year ended March 31, 2016	Year ended March 31, 2015
Current Tax:			
In respect of current year	**–**	–	–
Deferred Tax:			
In respect of current year origination and reversal of temporary differences	**–**	–	–
Total income tax expense on continuing operations	**–**	–	–

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

Particulars	**Year ended March 31, 2017**	Year ended March 31, 2016	Year ended March 31, 2015
Profit before tax from continuing operations	**(508.24)**	(251.73)	(331.91)
Income tax expense calculated at 30.9% (2017: 30.9%)#	**(157.05)**	(77.78)	(102.56)
Effect of current year losses for which no deferred tax asset is recognised	**157.05**	77.78	102.56
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	**–**	–	–

The tax rate used for the reconciliations above is the corporate tax rate of 30.9% payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

(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.

(Currency: Indian Rupees ` in Lacs)

Particulars	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment			39.99
Financial asset at Fair value through profit and loss (FVTPL)			–
	–	**–**	**39.99**
Tax effect of items constituting deferred tax assets			
Property, Plant and Equipment	**59.90**	19.53	–
Disallowances u/s 40(a)(ia)	**48.00**	48.00	–
Leave Encashment	**18.50**	19.24	18.52
Gratuity	**34.52**	37.55	35.56
Bonus Payable	**13.94**	23.35	25.69
Carried forward Losses	**1,708.64**	1,209.65	1,098.71
Total	**1,883.50**	1,357.32	1,178.48
Less: Deferred tax asset in respect of above not recognised in absence of virtual certainty.	**(1,883.50)**	(1,357.32)	(1,138.49)
	–	–	39.99
Net Tax Asset (Liabilities)	**–**	–	–

Reconciliation of Deferred Tax Asset/Liability.

(Currency: Indian Rupees ` in Lacs)

Particulars	Opening Balance as at March 31, 2015	Recognised in profit and Loss for March 16	Balance as at March 31, 2016	Recognised in profit and Loss	**Closing Balance as at March 31, 2017**
Tax effect of items constituting deferred tax liabilities					
Property, Plant and Equipment	12.36	(12.36)	–	–	**–**
	12.36	(12.36)	–	–	**–**
Tax effect of items constituting deferred tax assets					
Property, Plant and Equipment	–	6.03	6.03	12.48	**18.51**
Disallowances u/s 40(a)(ia)	–	14.83	14.83	–	**14.83**
Leave Encashment	5.72	0.22	5.95	(0.23)	**5.72**
Gratuity	10.99	0.61	11.60	(0.94)	**10.67**
Bonus Payable	7.94	(0.72)	7.22	(2.91)	**4.31**
Carried forward Losses	339.50	34.28	373.78	154.19	**527.97**
	364.15	55.26	419.41	162.59	**582.00**
Less: Deferred tax asset in respect of above not recognised in absence of virtual certainty.	351.79	67.62	419.41	162.59	**582.00**
	12.36	(12.36)	–	–	**–**
Net Tax Asset (Liabilities)	–	–	–	–	**–**

The unrecognised tax losses carried forward expire as follows:

(Currency: Indian Rupees ` in Lacs)

Financial Year	Expiry Financial Year	Business Loss	Depreciation Loss	Total Loss
2008-2009	2016-2017	–	(341,498)	(341,498)
2009-2010	2017-2018	–	(2,670,829)	(2,670,829)
2012-2013	2020-2021	(13,756,787)	(8,516,126)	(22,272,913)
2013-2014	2021-2022	(49,855,660)	(9,661,862)	(59,517,522)
2014-2015	2022-2023	(15,771,000)	(9,297,462)	(25,068,462)
2015-2016	2023-2024	(1,727,000)	(9,366,602)	(11,093,602)
2016-2017	2024-2025	**(34,252,599)**	**(15,646,384)**	**(49,898,982)**
Total		**(115,363,046)**	**(55,500,763)**	**(170,863,808)**

Note 7. – Other assets

(Currency: Indian Rupees ` in Lacs)

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
(a) Capital advances						
(i) For Capital work in progress	**1.29**				–	–
(b) Advances other than capital advances						
(i) Balances with government authorities (other than income taxes)	**88.27**	**244.48**	114.12	244.48	76.47	170.28
(ii) Other advances	**20.55**	**0.92**	27.63	2.14	39.19	
Total	**110.11**	**245.40**	141.75	246.62	115.66	170.28

Note 8. – Inventories

(Currency: Indian Rupees ` in Lacs)

Particulars	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
(a) Stock-in-trade of goods acquired for trading	**1,378.91**	1,661.54	1,472.47
Total Inventories (at lower of cost and net realisable value)	**1,378.91**	1,661.54	1,472.47

a. The cost of inventories recognised as an expense during the year was Rs. 11693.01 Lacs for 31 March 2017 (31 March 2016 Rs. 17049.16 Lacs).

b. The carrying amount of inventories pledged as security for liabilities is Rs. 1378.91 Lacs (31 March 2016: Rs. 1661.54 lacs).

c. Inventory is valued at cost or net realisable value whichever is less. Spare parts & accessories are valued at moving average rate.

Note 9. – Trade receivables

(Currency: Indian Rupees ` in Lacs)

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 outstanding for a period less than six months						
(a) Secured, considered good						
(b) Unsecured, considered good	**394.29**		597.14		547.23	
(c) Doubtful						
Less: Allowance for Credit Losses						
TOTAL	**394.29**	**–**	597.14	–	547.23	–
Trade receivables outstanding for a period more than six months						
(a) Secured, considered good						
(b) Unsecured, considered good	**10.29**		20.56		13.47	
(c) Doubtful						
Less: Allowance for Credit Losses						
TOTAL	**10.29**	**–**	20.56	–	13.47	–
Of the above, trade receivables from:						
– Related Parties	**23.96**		48.46		22.08	
– Others	**380.62**		569.24		538.62	
Total	**404.58**	**–**	617.70	–	560.70	–

a. The fair values (Level 2) of trade receivables carried at amortised cost is considered to approximate its carrying value due to its short-term nature.

Note 10. – Cash and Bank Balances

(Currency: Indian Rupees ` in Lacs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Cash and cash equivalents			
(a) Balances with banks	**10.57**	32.78	273.33
(b) Cash on hand	**3.11**	11.89	7.97
Total Cash and cash equivalent	**13.68**	44.67	281.30

Reconciliation of Cash and Cash Equivalents

(Currency: Indian Rupees ` in Lacs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Total Cash and Cash Equivalents as per Balance Sheet	**13.68**	44.67	281.30
Total Cash and Cash Equivalents as per Statement of Cashflow	**13.68**	44.67	281.30

Notes

Cash and cash equivalents include cash in hand and in banks.

Note 11. – Other financial assets

(Currency: Indian Rupees ` in Lacs)

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
Financial assets at amortised cost						
a) Other Financial Receivables						
– UnSecured	**78.07**		134.39		28.54	
	78.07	–	134.39	–	28.54	–

Refer Note 25 for disclosures related to credit risk, impairment under expected credit loss model and related financial instrument disclosures.

Note 12. – Equity Share Capital

(Currency: Indian Rupees ` in Lacs)

Particulars	As at March 31, 2017 No. of shares	As at March 31, 2016 No. of shares	As at April 1, 2015 No. of shares
Authorised:			
Equity shares of ` 10 each with voting rights	**10,000,000**	10,000,000	10,000,000
Issued, Subscribed and Fully Paid:			
Equity shares of ` 10 each with voting rights	**9,550,500**	9,550,500	50,500
Issued, Subscribed and Partly Paid:			
Equity shares of ` 10 each with voting rights	**–**	–	–
Total	**9,550,500**	9,550,500	50,500

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

(Currency: Indian Rupees ` in Lacs)

Particulars		Opening Balance	Fresh Issue	Closing Balance
(a) Equity Shares with Voting rights*				
Year Ended 31 March 2017				
	No. of Shares	9,550,500		9,550,500
	Amount	955.05		955.05
Year Ended 31 March 2016				
	No. of Shares	50,500	9,500,000	9,550,500
	Amount	5.05	950.00	955.05
Year Ended 1 April 2015				
	No. of Shares	50,500.00		50,500.00
	Amount	5.05		5.05

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):

(Currency: Indian Rupees ` in Lacs)

	No. of Shares		
Particulars	**Equity Shares with Voting rights**	**Equity Shares with Differential Voting rights**	**Others**
As at 31 March 2017			
Mahindra & Mahindra Ltd, the Holding Company	**9,550,490**	**–**	**–**
As at 31 March 2016			
Mahindra & Mahindra Ltd, the Holding Company	9,550,490	–	–
As at 1 April 2015			
Mahindra & Mahindra Ltd, the Holding Company	50,490	–	–

(iii) Details of shares held by each shareholder holding more than 5% shares:

(Currency: Indian Rupees ` in Lacs)

	As at March 31, 2017		As at March 31, 2016		As at April 1, 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, the Holding Company	**9,550,490**	**100.00%**	9,550,490	100.00%	50,490	99.98%
Mahindra Holdings Limited	**10**	**0.00%**	10	0.00%	10	0.02%

Note 12. – Statement Of Changes In Equity for the year ended 31 March 2017

a. Equity share capital

(Currency: Indian Rupees ` in Lacs)

As at 1 April 2015	5.05
Changes in equity share capital during the year	950
As at 31 March 2016	955.05
Changes in equity share capital during the year	0.00
As at 31 March 2017	**955.05**

b. Other Equity

(Currency: Indian Rupees ` in Lacs)

	Reserves and Surplus			Items of other comprehensive income	
Particulars	**Capital Reserve**	**General Reserve**	**Retained Earnings**	**Other items of Other Comprehensive Income (Actuarial Gain)**	**Total**
As at 1 April 2015		15.48	(968.19)	–	(952.71)
Profit/(Loss) for the period			(251.73)		(251.73)
Other Comprehensive Income/(Loss)				9.46	9.46
Total Comprehensive Income for the year	–	–	(251.73)	9.46	(242.27)
As at 31 March 2016	–	15.48	(1,219.92)	9.46	(1,194.98)
Profit/(Loss) for the period			(508.24)		(508.24)
Other Comprehensive Income/(Loss)			–	9.25	9.25
Total Comprehensive Income for the year	–	–	(508.24)	9.25	(498.99)
As at 31 March 2017	**–**	**15.48**	**(1,728.15)**	**18.71**	**(1,693.97)**

Description of the nature and purpose of Other Equity

General reserve: The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. There is no policy of regular transfer. Items included under General Reserve shall not be reclassified back into the profit or loss.

Note 13. – Provisions

(Currency: Indian Rupees ` in Lacs)

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
(a) Provision for employee benefits						
(1) Long-term Employee Benefits	**20.63**	**32.39**	7.25	49.54	6.62	47.46
Total Provisions	**20.63**	**32.39**	7.25	49.54	6.62	47.46

* The estimates of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Note 14. – Current Borrowings

(Currency: Indian Rupees ` in Lacs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
A. Secured Borrowings			
(a) Loans repayable on demand			
(1) From Banks			
(2) from other parties	**(500.00)**	(1,500.00)	–
(b) Loans from related parties			
(c) Deposits			
(d) Other Loans			
Total Secured Borrowings	**(500.00)**	(1,500.00)	–
B. Unsecured Borrowings			
(a) Loans repayable on demand			
(1) From Banks	**(2,020.63)**	(512.56)	
(2) from other parties			
(b) Loans from related parties			
(c) Deposits			
(d) Other Loans			
Total Unsecured Borrowings	**(2,020.63)**	(512.56)	–
Total Current Borrowings	**(2,520.63)**	(2,012.56)	–

Note:

Secured Loans from financial institutions are secured by charge on stock and receivables.

Note 15. – Trade Payables

(Currency: Indian Rupees ` in Lacs)

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 - Micro ans small enterprises						
Trade payable - Other than micro ans small enterprises	**861.42**		1,395.74		4,056.64	
Total trade Payables	**861.42**		1,395.74		4,056.64	

Note:

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

b. 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

c. The fair values (Level 2) of trade payables carried at amortised cost is considered to approximate its carrying value due to its short-term nature.

Note 16. – Other Financial Liabilities

(Currency: Indian Rupees ` in Lacs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Other Financial Liabilities Measured at Amortised Cost			
Current			
(a) Other liabilities			
(1) Other Current Financial Payables	**1.98**	1.88	4.29
(2) RTO Payable	**66.46**	85.06	7.42
(3) Interest accrued but not due	**5.99**	19.73	
Total other financial liabilities	**74.43**	106.67	11.71

Note:

a. 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.

Note 17. – Other Liabilities

(Currency: Indian Rupees ` in Lacs)

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
a. Advances received from customers	**333.53**		346.85		197.25	
b. Statutory dues						
– taxes payable	**16.20**		26.39		13.51	
– Employee Recoveries and Employer Contributions	**8.52**		6.83		7.21	
c. Other Payables	**2.20**		–		10.12	
Total Other Liabilities	**360.45**	–	380.07	–	228.09	–

Note 18. – Revenue from Operations

The following is an analysis of the company's revenue for the year from continuing operations.

(Currency: Indian Rupees ` in Lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Revenue from sale of products (Vehicle, Spares and Accessories)	**10,966.08**	16,649.70
(b) Revenue from rendering of services (Servicing of Vehicles)	**1,857.45**	1,803.41
(c) Other operating revenue		
(i) Income from Sale of Scrap	**15.19**	10.26
(ii) Commission	**39.87**	49.91
(iii) Infrastructure Service Income	**184.64**	99.69

(Currency: Indian Rupees ` in Lacs)

Particulars		**As at March 31, 2017**	As at March 31, 2016
(iv)	Write Back of liabilities	**16.04**	47.05
(v)	Dealer Incentive and other operating income	**227.18**	225.95
Total Revenue from Operations		**13,306.45**	18,885.97

Note 19. – Other Income

(Currency: Indian Rupees ` in Lacs)

Particulars		**As at March 31, 2017**	As at March 31, 2016
(a)	Interest Income Accrued on Security Deposit (On Financial Instrument carried at amortised cost)	**1.46**	0.32
(b)	Profit on sale of capital assets (net of loss on capital assets sold)	**5.12**	–
(c)	Interest received on Income tax Refund	**2.08**	–
Total Other Income		**8.66**	0.32

Note 20(a). – Cost of materials consumed

(Currency: Indian Rupees ` in Lacs)

Particulars	**For the year ended March 31, 2017**	For the year ended March 31, 2016
Purchases	**11,410.38**	17,238.23

Note 20(b). – Changes in inventories of finished goods, work-in-progress and stock-in-trade

(Currency: Indian Rupees ` in Lacs)

Particulars	**For the year ended March 31, 2017**	For the year ended March 31, 2016
Inventories at the end of the year:		
Finished goods	**1,378.91**	1,661.54
Work-in-progress		
Stock-in-trade		
	1,378.91	1,661.54
Inventories at the beginning of the year:		
Finished goods	**1,661.54**	1,472.47
Work-in-progress		
Stock-in-trade		
	1,661.54	1,472.47
Net (increase)/decrease	**282.63**	(189.07)

Note 21. – Employee benefits

Employee Benefits Expense

(Currency: Indian Rupees ` in Lacs)

Particulars	**As at March 31, 2017**	As at March 31, 2016
Salaries and wages, including bonus	**705.81**	725.28
Contribution to provident/ ESIC funds	**43.33**	36.71
Contribution to Gratuity Fund	**12.72**	13.62
Staff welfare expenses	**39.40**	44.56
Total Employee Benefit Expense	**801.26**	820.17

(a) Defined Contribution Plan

The Company's contribution to Provident Fund and Superannuation Fund aggregating Rs. 43.33 lacs (2016 : Rs. 36.71 Lacs) 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 defined benefit final salary gratuity plan which is open to new entrants. 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. There are no minimum funding requirements for a gratuity plan in India. The Company has chosen not to fund the gratuity liabilities of the plan but instead carry a provision based on actuarial valuation in its books of accounts. The only regulatory framework which applies to such plans is 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. There are no minimum funding requirements for a gratuity plan in India. The Company has chosen not to fund the gratuity liabilities of the plan but instead carry a provision based on actuarial valuation in its books of accounts. The only regulatory framework which applies to such plans is 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. 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 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.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

(Currency: Indian Rupees ` in Lacs)

	Valuation as at 31-Mar-17	Valuation as at 31-Mar-16	Valuation as at 31-Mar-15
Discount rate(s)	7.50%	7.85%	7.90%
Expected rates(s) of Salary increase	8% until year 2 inclusive, then 5%	11% until year 3 inclusive, then 7%	11% until year 4 inclusive, then 7%

Defined benefit plans – as per actuarial valuation on 31st March, 2017

(Currency: Indian Rupees ` in Lacs)

	Unfunded Plans		
	Gratuity		
Particulars	**2017**	2016	2015
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:			
Service Cost			
Current Service Cost	**9.90**	10.93	
Past service cost and (gains)/losses from settlements		–	
Net interest expense	**2.83**	2.69	
Components of defined benefit costs recognised in profit or loss	**12.73**	13.62	
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	**(2.15)**	0.22	
Actuarial gains and loss arising form experience adjustments	**(7.10)**	(9.69)	

(Currency: Indian Rupees ` in Lacs)

Particulars		Unfunded Plans Gratuity 2017	2016	2015
Others (describe)				
Components of defined benefit costs recognised in other comprehensive income		**(9.25)**	(9.46)	
Total		**3.48**	4.15	
I.	**Net Asset/(Liability) recognised in the Balance Sheet as at 31st March**			
1.	Present value of defined benefit obligation as at 31st March	**34.53**	37.55	35.56
2.	Fair value of plan assets as at 31st March			
3.	Surplus/(Deficit)			
4.	Current portion of the above	**12.05**	3.11	3.12
5.	Non current portion of the above	**22.47**	34.44	32.44
II.	**Change in the obligation during the year ended 31st March**			
1.	Present value of defined benefit obligation at the beginning of the year	**37.55**	35.56	
2.	Add/(Less) on account of Scheme of Arrangement/Business Transfer			
3.	*Expenses Recognised in Profit and Loss Account*			
	– Current Service Cost	**9.90**	10.93	
	– Past Service Cost		–	
	– Interest Expense (Income)	**2.83**	2.69	
4.	*Recognised in Other Comprehensive Income*			
	Remeasurement gains/(losses)			
	– Actuarial Gain (Loss) arising from:			
	i. Demographic Assumptions		–	
	ii. Financial Assumptions	**(2.15)**	0.22	
	iii. Experience Adjustments	**(7.10)**	(9.69)	
5.	Benefit payments		–	
6.	Others (Benefits Paid)	**(6.50)**	(2.16)	
7.	**Present value of defined benefit obligation at the end of the year**	**34.53**	37.55	
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	0	0	
2.	Add/(Less) on account of Scheme of Arrangement/Business Transfer			
3.	*Expenses Recognised in Profit and Loss Account*	6.50	2.16	
	– 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	(6.50)	(2.16)	
7.	**Fair value of plan assets at the end of the year**	0	0	
IV.	**Actuarial assumptions**			
1.	Discount rate	7.50%	7.85%	

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

(Currency: Indian Rupees ` in Lacs)

Principal assumption	Year	Changes in assumption	Impact on defined benefit obligation Increase in assumption	Decrease in assumption
Discount rate	2017	1.00%	33.62	35.49
Salary growth rate	2017	1.00%	35.49	33.60

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.

Maturity profile of defined benefit obligation:

(Currency: Indian Rupees ` in Lacs)

	2017	2016
Within 1 year	**12.05**	3.11
1 - 2 year	**8.99**	3.05
2 - 3 year	**6.82**	2.99
3 - 4 year	**4.80**	3.07
4 - 5 year	**3.48**	2.71
5 - 10 years	**7.08**	9.68

The weighted average duration to the payment of these cash flows is 2.71 years.

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 22. – Finance Cost

(Currency: Indian Rupees ` in Lacs)

Particulars		As at March 31, 2017	As at March 31, 2016
(a)	Interest expense (On Financial Instrument carried at Amortised cost)	**239.23**	142.46
Total finance costs		**239.23**	142.46

Note 23. – Other Expenses

(Currency: Indian Rupees ` in Lacs)

Particulars		As at March 31, 2017	As at March 31, 2016
(a)	Power & Fuel	**61.64**	68.94
(b)	Rent including lease rentals	**259.98**	253.85
(c)	Rates and taxes	**17.38**	25.14
(d)	Repairs to:		
	– Repairs - Machinery	**42.71**	33.81
	– Repairs - Others	**26.83**	27.95
(e)	Insurance	**27.92**	25.86
(f)	Advertisement	**3.87**	2.68
(g)	Sales promotion expenses	**77.93**	85.09

(Currency: Indian Rupees ` in Lacs)

Particulars		**As at March 31, 2017**	As at March 31, 2016
(h)	Sales Incentive	**39.15**	104.52
(i)	Travelling and Conveyance Expenses	**22.48**	21.79
(j)	Hire and Service Charges	**205.16**	212.54
(k)	Postage & Telephone	**21.64**	19.74
(l)	Printing & Stationery	**12.93**	13.79
(m)	Bad Debts W/off	**29.19**	17.54
(n)	Legal and other professional costs	**46.52**	35.85
(o)	Auditors remuneration & out-of-pocket expenses		
	(i) As Auditors - Statutory Audit	**3.00**	3.60
	(ii) For Taxation matters	**6.19**	0.55
	(iii) For Company Law matters	**–**	
	(iv) For Other services	**3.15**	2.85
	(v) For reimbursement of expenses	**–**	
(p)	*Loss on sale of Capital assets*		2.88
(q)	Miscellaneous expenses	**25.73**	19.36
Total Other Expenses		**933.39**	978.34

Note 24. – Earnings per Share

(Currency: Indian Rupees ` in Lacs)

Particulars	**For the year ended March 31, 2017**	For the year ended March 31, 2016
Basic Earnings per share		
From continuing operations	**(5.00)**	**(3.00)**
Total basic earnings per share	**(5.00)**	**(3.00)**
Diluted Earnings per share		
From continuing operations	**(5.00)**	**(3.00)**
Total diluted earnings per share	**(5.00)**	**(3.00)**

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:

(Currency: Indian Rupees ` in Lacs)

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	**(508.24)**	(251.73)
Less: Preference dividend and tax thereon		–
Profit/(loss) for the year used in the calculation of basic earnings per share	**(508.24)**	(251.73)
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	**(508.24)**	(251.73)
Weighted average number of equity shares	**9,550,500**	7,312,144
Earnings per share from continuing operations - Basic	**(5.00)**	(3.00)

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.

(Currency: Indian Rupees ` in Lacs)

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	**(508.24)**	(251.73)
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	**(508.24)**	(251.73)
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	**(508.24)**	(251.73)

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:

(Currency: Indian Rupees ` in Lacs)

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	**9,550,500**	**7,312,144**
Add: Effect of Warrants,		
ESOPs		
Convertible bonds		
Others if any		
Weighted average number of equity shares used in the calculation of Diluted EPS	**9,550,500**	7,312,144

Note 25. – 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 and borrowings 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	**(738.92)**	(239.93)	(947.66)
Borrowings	**2,520.63**	2,012.56	–
	1,781.71	1,772.63	(947.66)

Note:

The entity bases above capital management disclosures on the information provided internally to key management personnel.

Categories of financial assets and financial liabilities

Particulars	As at March 31, 2017			As at March 31, 2016			As at April 01, 2015		
	Amortised Costs	**FVTPL**	**Total**	Amortised Costs	FVTPL	Total	Amortised Costs	FVTPL	Total
Non-current Assets									
Loans	**40.01**	**–**	**40.01**	47.92	–	47.92	30.19	–	30.19
Current Assets			**–**			–			–
Trade Receivables	**404.58**	**–**	**404.58**	617.70	–	617.70	560.70	–	560.70
Cash and Cash Equivalents	**13.68**	**–**	**13.68**	44.67	–	44.67	281.30	–	281.30
Other Financial Assets			**–**			–			–
– Non Derivative Financial Assets	**78.07**	**–**	**78.07**	134.39	–	134.39	28.54	–	28.54
Current Liabilities									
Borrowings	**2,520.63**	**–**	**2,520.63**	2,012.56	–	2,012.56	–	–	–
Trade Payables	**861.42**	**–**	**861.42**	1,395.74	–	1,395.74	4,056.64	–	4,056.64
Other Financial Liabilities						–			–
– Non Derivative Financial Liabilities	**74.43**	**–**	**74.43**	106.67	–	106.67	11.71	–	11.71

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

* The company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date.

* The company continuously monitors defaults of customers and the other counterparties, identified either individually or by company and incorporates this information into its credit risk controls.

* The company's management considers that all the financial assets are not impaired for each of the reporting date under review, are of good credit quality, including those that are past due.

* In respect of trade and other receivables, the company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Concentration of credit risk to any counterparty did not exceed 10% of gross monetary assets at any time during the year.

* 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. Due to immateriality company has decided not to provide for any credit losses.

MARKET RISK

Market risk is the risk that changes in market prices – such as interest rates will affect the entity's income . The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. There has been no significant changes to the entity's exposure to market risk or the methods in which they are managed or measured.

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 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.

(Currency: Indian Rupees ` in Lacs)

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	935.85			
Fixed interest rate instruments	500.00			
Variable interest rate instruments	2,020.63			
Financial guarantee contracts				
Total	**3,456.48**			
31-Mar-16				
Non-interest bearing	1,502.41			
Fixed interest rate instruments	1,500.00			
Variable interest rate instruments	512.56			
Total	**3,514.96**			
1-Apr-15				
Non-interest bearing	4,068.35			
Total	**4,068.35**			

(iii) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

(Currency: Indian Rupees ` in Lacs)

Particulars	**31-Mar-17**	31-Mar-16	1-Apr-15
	INR	INR	INR
Unsecured Bank Overdraft facility			
– Expiring within one year	**1,479.38**	487.44	0
– Expiring beyond one year			
	1,479.38	487.44	0

(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.

(Currency: Indian Rupees ` in Lacs)

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	496.33			
Total	496.33			
31-Mar-16				
Non-interest bearing	796.76			
Total	**796.76**			
1-Apr-15				
Non-interest bearing	870.54			
Total	**870.54**			

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.

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:

	Increase/ decrease in basis points	Effect on profit before tax
31-Mar-17	+100	(9.31)
	-100	9.31
31-Mar-16	+100	(4.35)
	-100	4.35

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 26. – Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

(Currency: Indian Rupees ` in Lacs)

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						
– trade and other receivables	**404.58**	**404.58**	617.70	617.70	560.70	560.70
– deposits and similar assets	**40.01**	**40.01**	47.92	47.92	30.19	30.19
– Other	**78.07**	**78.07**	134.39	134.39	28.54	28.54
Financial liabilities						
Financial liabilities held at amortised cost						
– bank loans	**2,020.63**	**2,020.63**	512.56	512.56	–	–
– loans from other entities	**500.00**	**500.00**	1,500.00	1,500.00	–	–
– trade and other payables	**861.42**	**861.42**	1,395.74	1,395.74	4,056.64	4,056.64
– Other	**74.43**	**74.43**	106.67	106.67	11.71	11.71
Total	**3,979.14**	**3,979.14**	4,314.98	4,314.98	4,687.78	4,687.78

(Currency: Indian Rupees ` in Lacs)

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		**404.58**		**404.58**
– deposits and similar assets		**40.01**		**40.01**
– Others		**78.07**		**78.07**
Total		**522.66**		**522.66**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– bank loans		**2,021**		**2,020.63**
– loans from other entities		**500**		**500.00**
– trade and other payables		**861.42**		**861.42**
– Others		**74.43**		**74.43**
Total		**3,456.48**		**3,456.48**

(Currency: Indian Rupees ` in Lacs)

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		617.70		617.70
– deposits and similar assets		47.92		47.92
– Others		134.39		134.39
Total		800.02		800.02
Financial liabilities				
Financial Instruments not carried at Fair Value				
– bank loans		512.56		512.56
– loans from other entities		1,500.00		1,500.00
– trade and other payables		1,395.74		1,395.74

(Currency: Indian Rupees ` in Lacs)

	Fair value hierarchy as at March 31, 2016			
	Level 1	Level 2	Level 3	Total
– Others		106.67		106.67
Total		3,514.96		3,514.96

(Currency: Indian Rupees ` in Lacs)

	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		560.70		560.70
– deposits and similar assets		30.19		30.19
– Others		28.54		28.54
Total		619.43		619.43
Financial liabilities				
Financial Instruments not carried at Fair Value				
– bank loans		–		–
– loans from other entities		–		–
– trade and other payables		4,056.64		4,056.64
– Others		11.71		11.71
Total		4,068.35		4,068.35

Note 27. – Segment information

a. The Company's business activity falls within a single business segment viz. 'Automotive'. All other activities of the Company revolve around its main business. Hence there are no separate reportable primary segments. Company deals into trading and Servicing of Vehicles.

b. All the non-current assets of the Company are located in India.

c. Revenue from major products and services

(Currency: Indian Rupees ` in Lacs)

Particulars	**31-Mar-17**	31-Mar-16
Sale and Service of Vehicles	**13,306.45**	18,885.97

d. Revenues from transactions with a single external customer does not amounts to 10% or more of an entity's revenues during the year.

e. Since there is single segment there is no difference in measurement of profit & loss and measurement of assets and liabilities.

Note 28. – Related Party Transactions

Name of the parent Company Mahindra & Mahindra Limited

Description of relationship	**Names of related parties**
Holding Company	Mahindra & Mahindra Limited
Fellow Subsidiary	Mahindra First Choice Wheels Limited
Fellow Subsidiary	Mahindra First Choice Services Limited
Fellow Subsidiary	Mahindra Reva Electric Vehicles Pvt Ltd
Fellow Subsidiary	Mahindra Integrated Business Solution Pvt. Ltd
Fellow Subsidiary	Mahindra Two Wheeler Private Limited
Fellow Subsidiary	Mahindra & Mahindra Financial Services Ltd
Fellow Subsidiary	Mahindra Automobile Distributer Pvt ltd
Fellow Subsidiary	Mahindra Intertrade Limited
Fellow Subsidiary	Mahindra Life Space Develpers Ltd
Fellow Subsidiary	Mahindra Rural Housing Financial Ltd
Fellow Subsidiary	Mahindra Susten Pvt. Ltd.
KMP	Mr. Vijay Nakra & Mr. Sudhir Shah*

* Mr. Sudhir Shah for part of the year

Details of transaction between the company and its related parties are disclosed below.

(Currency: Indian Rupees ` in Lacs)

Particulars	**For the year ended March 31, 2017**	**Parent Company**	**KMP of the Company and KMP of parent Company**	**Other related parties (Fellow Subsidiaries)**
Nature of transactions with Related Parties				
Sale of goods	31-Mar-17			
	31-Mar-16	–		24.32
Purchase of goods	31-Mar-17	**12,047.28**		**148.91**
	31-Mar-16	16,746.09		148.85
Rendering of services	31-Mar-17	**349.60**		**42.77**
	31-Mar-16	646.99		24.44
Receiving of services	31-Mar-17	**3.06**	**8.46**	**8.69**
	31-Mar-16	103.70	55.47	2.72
Lease expenses	31-Mar-17	**137.90**		
	31-Mar-16	120.53		
Reimbursement made to parties	31-Mar-17	**65.94**		
	31-Mar-16	37.95		
Reimbursement received from parties	31-Mar-17	**130.29**		
	31-Mar-16			
Warranty Income	31-Mar-17	**397.85**		**2.17**
	31-Mar-16	319.68		2.44
FSC/PDI Income	31-Mar-17	**24.03**		
	31-Mar-16	25.68		0.07
Interest Expense	31-Mar-17	**11.10**		**3.91**
	31-Mar-16			
Equity contribution by the Company	31-Mar-17	–		
	31-Mar-16	950.00		

(Currency: Indian Rupees ` in Lacs)

Nature of Balances with Related Parties	**Balance as on March 31, 2017**	**Parent Company**	**KMP of the Company and KMP of parent Company**	**Other related parties**
Trade payables	31-Mar-17	**625.62**		**95.06**
	31-Mar-16	931.58		167.43
Other balances-Amt. Receivable	31-Mar-17	**16.03**		**7.93**
	31-Mar-16	30.09		18.37

Company has incurred Rs 8.46 Lacs for key managerial personnel services provided by M/s. Mahindra & Mahindra Limited.

Note 29. – Contingent liabilities and commitments

Particulars	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Contingent liabilities (to the extent not provided for)			
(a) Other money for which the Company is contingently liable			
Taxation Matters: Demands against the company not acknowledged as debts and not provided for, relating to issues of taxability and deductibility, in respect of which the company is in appeal.	**143.43**	179.47	143.42

Note 30. – Specified Bank Notes held & transacted

Rupees

Particulars	SBNs	Other denomination	Total
Closing cash in hand as on 08.11.2016	644,000	94,540	738,540
Add: Permitted receipts	–	4,654,196	4,654,196
Add: Non Permitted receipts	146,500		146,500
Less: Permitted payments	60,500	–	60,500
Less: Non - Permitted payments	–	–	–
Less: Amount deposited in banks	730,000	4,184,367	4,914,367
Closing cash in hand as on 30.12.2016	–	564,369	564,369

Note 31. – First-time adoption of Ind-AS

These financial statements, for the year ended 31 March 2017, are the first financial statements prepared in accordance with Ind-AS. The company prepared its financial statements for periods upto and including the year ended 31st March, 2016, in accordance with statutory reporting requirement in India immediately before adopting Ind-AS ('previous GAAP').

Accordingly, the Company has prepared financial statements which comply with Ind-AS applicable for periods ending on or after 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016. 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.

First Time Ind AS Adoption reconciliations

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

(Currency: Indian Rupees ` in Lacs)

Particulars	As at March 31, 2016	As at April 1, 2015
Equity as reported under previous GAAP	(239.93)	(947.67)
Ind AS: Adjustments increase (decrease):		
Others:		
(i) Interest Income Accrued on Security Deposit	0.32	
(ii) Prepaid Rent Amortised	(0.35)	
Equity as reported under IND AS	**(239.96)**	**(947.67)**

(Currency: Indian Rupees ` in Lacs)

Particulars	Year Ended March 31, 2016
Profit or Loss as per previous GAAP	(242.26)
Ind AS: Adjustments increase (decrease):	
Interest Income Accrued on Security Deposit	0.32
Prepaid Rent Amortised	(0.35)
Employee future benefits – actuarial gains and losses (Net of Tax)	(9.46)
Total adjustment to profit or loss	(251.75)
Profit or Loss under Ind AS	
Other comprehensive income	9.46
Total comprehensive income under Ind AS	(242.29)

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

(Currency: Indian Rupees ` in Lacs)

Year ended March 31, 2016

Particulars	Previous GAAP	Ind AS Adjustments	Ind AS
Net cash flows from operating activities	(2,851.45)		(2,851.45)
Net cash flows from investing activities	(205.28)		(205.28)
Net cash flows from financing activities	2,820.10		2,820.10
Net increase (decrease) in cash and cash equivalents	(236.63)		(236.63)
Cash and cash equivalents at beginning of period	281.30		281.30
Cash and cash equivalents at end of period	44.67		44.67

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

(Currency: Indian Rupees ` in Lacs)

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	44.67	281.30
Other adjustments (specify)	–	–
Cash and cash equivalents for the purpose of Statement of Cash flows as per Ind AS	44.67	281.30

In terms of our report of even date

For B K Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Mumbai, May 05, 2017

For and on behalf of the Board of Directors
NBS International Ltd.

P.N. Shah	Chairman
Ramesh Iyer	Director
Rajeshwar Tripathi	Director
Vijay Nakra	Director
Nozar Bharucha	Director
Bharat Moossaddee	Director
Rahul Asthana	Director
Anuja More	Company Secretary

DIRECTORS' REPORT FOR SSANGYONG MOTOR COMPANY LIMITED ("SYMC")

1. **Company Overview**

Located in Pyeongtaek near Seoul, South Korea, SYMC is a manufacturer/seller of vehicles and automotive parts with a line-up of 8 models including;

a) SUVs – Rexton w, Korando C, Tivoli, Tivoli air and Actyon;

b) Pick up – Korando Sports (SUT);

c) MPV – Korando Turismo; and

d) Luxury sedan – Chairman W.

The Company also manufactures gasoline and diesel engines at its Changwon plant. The Company has 197 domestic dealers, and exports through distributors in 126 countries.

The Company has 2 overseas subsidiaries which are Ssangyong Motor (SHANGHAI) Company Limited in China, and Ssangyong European Parts Center B.V. in the Netherlands, and 1 local subsidiary which is SY Auto Capital.

2. **Operation Overview**

In 2016, the Korean automotive market has witnessed a growth of 0.7% to reach sales of 1,600,154 units. Despite low consumer confidence due to domestic economic slump, the auto industry has reported positive growth which is primarily driven by the launch of new cars by the domestic auto makers and the government's supports (including extension of individual consumption tax reduction).

Continuing its growth momentum for 7th consecutive year, SYMC has recorded growth of 3.9% YOY. Riding on the success of Tivoli brand, SYMC has crossed sales of 100,000 units in domestic market for the first time in 13 years.

In the addressable domestic market, SYMC has gained 0.1% market share i.e., from 16.7% in 2015 to 16.8% in 2016.

In export markets, SYMC grew by 16% YOY to reach sales of 52,290 units (including CKD). With the launch of XLV ('Tivoli air' in Korea) in 2016, sales have jumped in the Middle East including Iran where the demand for automobiles is on the rise after lifting of economic sanction imposed by western countries.

Total sales of SYMC in 2016 increased by 7.7% yoy to 155,844 units including 103,554 units in the domestic market and 52,290 units in the export markets.

Total sales revenue of 2016 increased by 7.1% to KRW 3,626.3 bn (INR 204.2 bn).

3. **Profit and Loss**

With rising sales in domestic markets, the company's operating profit (loss) has turned into profit of KRW 30.5bn (INR 1.7 bn) in 2016 from loss of KRW 33.2 bn (INR 1.9 bn) in 2015, and net profit also increased to KRW 56.8 bn (INR 3.2 bn) in 2016 from net loss of KRW 58.7 bn (INR 3.3bn) in 2015, recording surplus in 9 years since 2007.

4. **Financial Status**

Total asset increased by KRW 123.2 bn (INR 6.9 bn) to KRW 2,170.8 bn (INR 122.2 bn) at the end of 2016, from KRW 2,047.6 bn (INR 114.7 bn) at the end of the preceding fiscal year. Total liabilities increased by KRW 28.8 bn (INR 1.6 bn) to KRW 1,350.6 bn (INR 76.0 bn) at the end of 2016 from KRW 1,321.8 bn (INR 74.0 bn) at the end of the preceding fiscal year. Total capital increased by KRW 94.4 bn (INR 5.3 bn) to KRW 820.2 bn (INR 46.2 bn) at the end of 2016 from KRW 725.8bn (INR 41.4 bn) at the end of the preceding fiscal year, and debt ratio decreased by 17.4% to 164.7% from 182.1% at the end of the preceding fiscal year.

The increase in assets is thanks to the increase in cash and cash equivalent assets of KRW 40.5bn (INR 2.3bn) and the increase in trade receivables of KRW 61.4bn (INR 3.5bn) with the sales increase. The main cause for the increase in liabilities is the increases in borrowings (KRW 50bn (INR 2.8bn)) in accordance with the production increase.

Paid-in-capital at the end of 2016 is KRW 686.1 bn (INR 40.3 bn) same as that of 2015.

5. **Future Business Plan**

Having reported surplus after 9 years and first time since Mahindra's acquisition, SYMC has laid out 'Promise 2019', the short to mid-term strategy for next 3 years. SYMC today enjoys strong brand power of Tivoli and recently launched large premium SUV 'G4 Rexton'. If Tivoli brand shows the possibility for greater leap, then G4 Rexton will prove the possibility of sustainable growth by recovering prestige as SUV specialist and securing profitability.

SYMC will rebuild SUV full line-up by launching new car every year including premium pick-up truck, and devote all its energies to create new driving power through the development of future and eco-friendly cars such as EV and connected car. In addition, SYMC will make its position secure as global SUV expert by gradually implementing ambitious overseas expansion plan to step into the future.

6. **Corporate Governance**

1) **Board of Directors**

i. **Composition of BOD and other board committee**

Name	BOD	Status	Other Board Committee
Pawan Kumar Goenka	Chairman (Director)	Non-standing	Chairman of Management Committee Member of Outside Director Candidate Recommendation Committee
Johng-Sik Choi	Director	Standing	Member of Management Committee

Name	BOD	Status	Other Board Committee
Rajeev Dubey	Inside director	Non-standing	–
Dae-Ryun Chang	Outside Director	Non-standing	Chairman of Audit Committee Member of Outside Director Candidate Recommendation Committee
Dominic DiMarco	Outside Director	Non-standing	Chairman of Outside Director Candidate Recommendation Committee Member of Audit Committee
Bong-Hee Won	Outside Director	Non-standing	Member of Audit Committee
Yong-Hwan, Park	Outside Director	Non-standing	Member of Audit Committee

* At the 55th Annual Shareholders Meeting held on March 31st, 2017, Directors Dr. Pawan Kumar Goenka, and Mr. Johng-Sik Choi and Outside directors Mr. Dae-Ryun Chang and Mr. Dominic DiMarco were re-appointed.

2) Annual Shareholder's Meetings

i. Date, Time and Location where last three AGMs held.

	2017	2016	2015
Date & time	Mar. 31, 2017 09:00 am	Mar 23, 2016 09:30 am	Mar 24, 2015 09:30 am
Special resolutions	–	–	Revision of the Articles of Incorporation
Location	455-12, Dongsak-ro, Pyeongtaek-si, Gyeonggi-do, Seminar room of Miraedong dormitory		

3) Disclosure

i. Details of non-compliance by the company and penalties imposed by administrative agencies during the last three years.

- Date: September, 2014
- Details: Administrative penalties – KRW 1 bn (INR 58 mn)
- Reason: 'Korando C (AMY-SY-14-60)' fitted with OBD which is different from that permitted in the certification was sold for the period between Aug. 01, 2013 and Mar. 25, 2014. (13,200 units in total, and KRW 264 bn in revenue)

4) General Shareholder information

i. Date, time and venue of General Shareholders Meeting;

Mar. 31, 2017, 9:00 am, 455-12, Dongsak-ro, Pyeongtaek-si, Gyeonggi-do, Seminar room of Miraedong dormitory

ii. Financial year: Jan. 1 – Dec. 31

iii. Date of Book closure: Dec. 31

iv. Dividend Payment Date: N/A

v. Listing on Stock Exchanges: SYMC is listed on Korea Exchange (KRX)

vi. Stock Code: 003620 (KOSPI)

vii. Market Price Data of 2016

		Dec	Nov	Oct	Sep	Aug	Jul	Jun	May	Apr	Mar	Feb	Jan
High	KRW	8,000	7,840	8,300	8,040	7,840	7,350	7,410	8,060	8,370	8,500	7,940	7,900
	INR	450	441	467	453	441	414	417	454	471	479	447	445
Low	KRW	7,180	6,990	7,250	7,190	7,020	6,910	6,750	6,980	7,470	7,790	6,350	5,940
	INR	404	394	408	405	395	389	380	393	421	439	358	334

viii. Registrar and Transfer Agents : Korea Securities Depository

ix. Plant Locations;

- Pyeongtaek plant : 455-12, Dongsak-ro, Pyeongtaek-si, Gyeonggi-do, Korea
- Changwon plant : 79, Seongsan-dong, Seongsan-gu, Changwon-si, Gyeongsangnam-do, Korea

x. Address for correspondence: Ssangyong Motor Company, 455-12, Dongsak-ro, Pyeongtaek-si, Gyeonggi-do, Korea

For and on behalf of the Board

Dr. Pawan Kumar Goenka

Chairman

Pyeongtaek, South Korea, 31st March, 2017

INDEPENDENT AUDITORS' REPORT

English Translation of Independent Auditors' Report Originally Issued in Korean on March 16, 2017.

To the Shareholders and Board of Directors of Ssangyong Motor Company:

Report on the Separate Financial Statements

We have audited the accompanying separate financial statements of Ssangyong Motor Company (the "Company"), which comprise the separate statements of financial position as of December 31, 2016 and 2015, respectively, and the related separate statements of comprehensive income, separate statements of changes in shareholders' equity and separate statements of cash flows, all expressed in Korean won, for the years ended December 31, 2016 and 2015, respectively,, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with Korean International Financial Reporting Standards ("K-IFRS"), and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an audit opinion on these separate financial statements based on our audits. We conducted our audits in accordance with Korean Standards on Auditing ("KSAs"). Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate 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 separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate financial statements.

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

Opinion

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2016 and 2015, respectively, and its financial performance and its cash flows for the years ended December 31, 2016 and 2015, respectively, in accordance with K-IFRS.

Others

Our audits also comprehended the translation of Korean won amounts into Indian rupee amounts, and in our opinion, such translation has been made in conformity with the basis in Note 2. Such Indian rupee amounts are presented solely for the convenience of readers.

March 16, 2017

Deloitte Anjin LLC
9F, One IFC,
10, Gukjegeumyung-ro
Youngdeungpo-gu, Seoul
150-945, Korea

Notice to Readers

This report is effective as of March 16, 2017, the auditors' report date. Certain subsequent events or circumstances may have occurred between the auditors' report date and the time the auditors' report is read. Such events or circumstances could significantly affect the accompanying separate financial statements and may result in modifications to the auditors' report.

SEPARATE STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2016, AND DECEMBER 31, 2015

	Korean won		Indian-Rupee	
	December 31, 2016	December 31, 2015	**December 31, 2016**	December 31, 2015
	(In thousands)		(In thousands)	
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents (Notes 4, 5 and 34)	₩ **234,657,416**	₩ 192,773,290	Rs. **13,211,213**	Rs. 10,853,136
Trade and other receivables, net (Notes 7, 33 and 34)	**236,732,144**	161,044,205	**13,328,020**	9,066,789
Derivatives assets (Notes 26 and 34)	**756,035**	1,707,695	**42,565**	96,143
Inventories, net (Notes 8 and 25)	**200,132,723**	243,631,536	**11,267,472**	13,716,455
Other current assets (Note 10)	**7,294,543**	6,537,137	**410,682**	368,041
Total current assets	**679,572,861**	605,693,863	**38,259,952**	34,100,564
NON-CURRENT ASSETS:				
Non-current financial instruments (Notes 5 and 34)	**6,000**	6,000	**338**	338
Non-current AFS financial assets (Notes 6 and 34)	**560,000**	560,000	**31,528**	31,528
Non-current other receivables, net (Note 7 and 34)	**41,036,985**	50,222,268	**2,310,382**	2,827,514
Property, plant and equipment, net (Note 11 and 13)	**1,198,961,457**	1,187,781,726	**67,501,530**	66,872,111
Intangible assets (Note 12)	**234,344,498**	186,944,585	**13,193,595**	10,524,980
Investments in subsidiaries (Note 9)	**5,829,056**	5,829,056	**328,176**	328,176
Investments in joint ventures (Note 9 and 33)	**10,200,000**	10,200,000	**574,260**	574,260
Other non-current assets (Note 10)	**273,318**	352,984	**15,387**	19,873
Total non-current assets	**1,491,211,314**	1,441,896,619	**83,955,196**	81,178,780
TOTAL ASSETS	₩ **2,170,784,175**	₩ 2,047,590,482	Rs. **122,215,148**	Rs. 115,279,344
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES:				
Trade and other payables (Notes 33 and 34)	₩ **669,397,406**	₩ 637,482,214	Rs. **37,687,074**	Rs. 35,890,249
Short-term borrowings (Notes 13, 18 and 34)	**181,967,721**	153,224,546	**10,244,783**	8,626,542
Derivatives liabilities (Notes 26 and 34)	**5,798,806**	24,074	**326,473**	1,355
Provision for product warranties (Note 15)	**53,153,294**	56,861,222	**2,992,530**	3,201,287
Long-term employee benefits obligation	**1,330,939**	1,960,778	**74,932**	110,392
Other current liabilities (Note 16)	**33,296,425**	28,855,529	**1,874,589**	1,624,566
Total current liabilities	**944,944,591**	878,408,363	**53,200,381**	49,454,391

(Continued)

SEPARATE STATEMENTS OF FINANCIAL POSITION (CONTINUED) AS OF DECEMBER 31, 2016, AND DECEMBER 31, 2015

	Korean won		Indian Rupee	
	December 31, 2016	December 31, 2015	**December 31, 2016**	December 31, 2015
	(In thousands)		(In thousands)	
NON-CURRENT LIABILITIES:				
Long-term borrowing (Note 13)	**₩ 12,500,000**	₩ 37,500,000	**Rs. 703,750**	Rs. 2,111,250
Other non-current payables (Note 34)	**5,507,071**	12,612,614	**310,048**	710,090
Retirement benefit obligation (Note 17)	**279,609,200**	292,005,725	**15,741,998**	16,439,922
Other long-term employee benefits obligation	**15,357,663**	14,321,821	**864,636**	806,319
Provision for long-term product warranties (Note 15)	**92,695,690**	86,932,757	**5,218,767**	4,894,314
Total non–current liabilities	**405,669,624**	443,372,917	**22,839,199**	24,961,895
TOTAL LIABILITIES	**1,350,614,215**	1,321,781,280	**76,039,580**	74,416,286
SHAREHOLDERS' EQUITY:				
Capital stock (Note 19)	**686,100,480**	686,100,480	**38,627,457**	38,627,457
Other capital surplus (Note 20)	**131,678,359**	131,678,359	**7,413,492**	7,413,492
Other capital adjustments (Note 21 and 26)	**(2,574,700)**	227,340	**(144,956)**	12,799
Retained earnings (accumulated deficit) (Notes 22)	**4,965,821**	(92,196,977)	**279,575**	(5,190,690)
TOTAL SHAREHOLDERS' EQUITY	**820,169,960**	725,809,202	**46,175,568**	40,863,058
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**₩2,170,784,175**	₩ 2,047,590,482	Rs. **122,215,148**	Rs. 115,279,344

(Concluded)

See notes to separate financial statements.

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2016 AND 2015

	Korean Won		Indian Rupee	
	Year ended December 31, 2016	Year ended December 31, 2015	**Year ended December 31, 2016**	Year ended December 31, 2015
	(In thousands)		(In thousands)	
SALES (Notes 32 and 33)	**₩3,626,340,467**	₩ 3,385,555,598	**Rs. 204,162,968**	Rs. 190,606,780
COST OF SALES (Notes 25 and 33)	**3,035,871,861**	2,868,337,736	**170,919,586**	161,487,415
GROSS PROFIT	**590,468,606**	517,217,862	**33,243,382**	29,119,365
SELLING AND ADMINISTRATIVE EXPENSES (Notes 25 and 27)	**559,953,923**	550,410,785	**31,525,406**	30,988,127
OPERATING INCOME (LOSS)	**30,514,683**	(33,192,923)	**1,717,976**	(1,868,762)
NON-OPERATING INCOME (Note 28)	**57,806,493**	31,829,988	**3,254,506**	1,792,028
NON-OPERATING EXPENSES (Note 28)	**38,569,094**	29,824,657	**2,171,440**	1,679,128
FINANCIAL INCOME (Note 29)	**28,244,307**	17,730,732	**1,590,154**	998,240
FINANCIAL COST (Note 29)	**21,226,581**	45,202,320	**1,195,057**	2,544,890
INCOME (LOSS) BEFORE INCOME TAX EXPENSE	**56,769,808**	(58,659,180)	**3,196,139**	(3,302,512)
INCOME TAX EXPENSE (Note 24)	**–**	–	**–**	–
NET INCOME (LOSS)	**56,769,808**	(58,659,180)	**3,196,139**	(3,302,512)
OTHER COMPREHENSIVE INCOME (LOSS)	**37,590,950**	(923,093)	**2,116,371**	(51,970)
TOTAL COMPREHENSIVE INCOME (LOSS)	₩ **94,360,758**	₩ (59,582,273)	**Rs. 5,312,510**	Rs. (3,354,482)
INCOME (LOSS) PER SHARE (Note 30) Basic and diluted (loss) per share	₩ **414**	₩ (428)	**Rs. 23**	Rs. (24)

See notes to separate financial statements.

SEPARATE STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED DECEMBER 31, 2016 AND 2015

	Korean won in thousands									
		Other capital surplus								
	Capital stock	Paid-in capital in excess of par value	Gain on capital reduction	Debt to be swapped for equity	Treasury stock	Gain on disposal of treasury stocks	Other capital surplus	Other capital adjustments	Retained earnings (accumulated deficit)	Total
Balance at January 1, 2015	₩ 686,100,480	₩ 11,452,713	₩ 118,189,001	₩ 931,508	₩ (118,820)	₩ –	₩ –	₩ (14,167,300)	₩ (18,220,064)	₩ 783,096,518
Net loss	–	–	–	–	–	–	–	–	(58,659,180)	(58,659,180)
Actuarial loss	–	–	–	–	–	–	–	–	(15,317,733)	(15,317,733)
Disposal in treasury stock	–	–	–	–	1,189,820	1,105,137	–	–	–	2,294,957
Gain on valuation of derivatives	–	–	–	–	–	–	–	14,394,640	–	14,394,640
Balance at December 31, 2015	₩ 686,100,480	₩ 11,452,713	₩ 118,189,001	₩ 931,508	₩ –	₩ 1,105,137	₩ –	₩ 227,340	₩ (92,196,977)	₩ 725,809,202
Balance at January 1, 2016	₩ 686,100,480	₩ 11,452,713	₩ 118,189,001	₩ 931,508	₩ –	₩ 1,105,137	₩ –	₩ 227,340	₩ (92,196,977)	₩ 725,809,202
Net income	–	–	–	–	–	–	–	–	56,769,808	56,769,808
Actuarial income	–	–	–	–	–	–	–	–	40,392,990	40,392,990
Loss on valuation of derivatives	–	–	–	–	–	–	–	(2,802,040)	–	(2,802,040)
Balance at December 31, 2016	₩ 686,100,480	₩ 11,452,713	₩ 118,189,001	₩ 931,508	₩ –	₩ 1,105,137	₩ –	₩ (2,574,700)	₩ 4,965,821	₩ 820,169,960

	Indian rupee in thousands									
		Other capital surplus								
	Capital stock	Paid-in capital in excess of par value	Gain on capital reduction	Debt to be swapped for equity	Treasury stock	Gain on disposal of treasury stocks	Other capital surplus	Other capital adjustments	Retained earnings (accumulated deficit)	Total
Balance at January 1, 2015	Rs. 38,627,457	Rs. 644,788	Rs. 6,654,041	Rs. 52,444	Rs. (66,987)	Rs. –	Rs. –	Rs. (797,619)	Rs. (1,025,790)	Rs. 44,088,334
Net loss	–	–	–	–	–	–	–	–	(3,302,512)	(3,302,512)
Actuarial loss	–	–	–	–	–	–	–	–	(862,388)	(862,388)
Disposal in treasury stock	–	–	–	–	66,987	62,219	–	–	–	129,206
Gain on valuation of derivatives	–	–	–	–	–	–	–	810,418	–	810,418
Balance at December 31, 2015	Rs. 38,627,457	Rs. 644,788	Rs. 6,654,041	Rs. 52,444	Rs. –	Rs. 62,219	Rs. –	Rs. 12,799	Rs. (5,190,690)	Rs. 40,863,058
Balance at January 1, 2016	Rs. 38,627,457	Rs. 644,788	Rs. 6,654,041	Rs. 52,444	Rs. –	Rs. 62,219	Rs. –	Rs. 12,799	Rs. (5,190,690)	Rs. 40,863,058
Net income	–	–	–	–	–	–	–	–	3,196,139	3,196,139
Actuarial losses	–	–	–	–	–	–	–	–	2,274,126	2,274,126
Loss on valuation of derivatives	–	–	–	–	–	–	–	(157,755)	–	(157,755)
Balance at December 31, 2016	Rs. 38,627,457	Rs. 644,788	Rs. 6,654,041	Rs. 52,444	Rs. –	Rs. 62,219	Rs. –	Rs. (144,956)	Rs. 279,575	Rs. 46,175,568

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016 AND 2015

	Korean won		Indian-Rupee	
	Year ended December 31, 2016	Year ended December 31, 2015	**Year ended December 31, 2016**	Year ended December 31, 2015
	(In thousands)		(In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income (loss)	**₩ 56,769,808**	₩ (58,659,180)	**Rs. 3,196,139**	Rs. (3,302,512)
Adjustment (Note 31)	**225,017,704**	216,863,010	**12,668,497**	12,209,387
Changes in net working capital (Note 31)	**(35,185,714)**	45,827,442	**(1,980,956)**	2,580,085
	246,601,798	204,031,272	**13,883,680**	11,486,960
Interests received	**2,640,050**	3,151,629	**148,635**	177,437
Interests paid	**(3,636,291)**	(3,520,527)	**(204,723)**	(198,206)
Dividend income received	**11,000**	480,229	**619**	27,037
Net cash provided by operating activities	**245,616,557**	204,142,603	**13,828,211**	11,493,228
CASH FLOWS FROM INVESTING ACTIVITIES:				
Cash inflows from investing activities:				
Decrease in other receivables	**2,999,564**	7,836,121	**168,876**	441,174
Disposal of property, plant and equipment	**2,010,394**	718,827	**113,185**	40,470
Decrease in other assets	**279**	113,159	**16**	6,371
	5,010,237	8,668,107	**282,077**	488,015
Cash outflows for investing activities:				
Increase in other receivables	**5,430,000**	8,493,404	**305,707**	478,179
Acquisition of property, plant and equipment	**127,492,681**	151,090,305	**7,177,838**	8,506,384
Acquisition of intangible assets	**82,779,869**	66,873,343	**4,660,507**	3,764,969
Investments in associates and joint ventures	**–**	10,200,000	**–**	574,260
	215,702,550	236,657,052	**12,144,052**	13,323,792
Net cash used in investing activities	**(210,692,313)**	(227,988,945)	**(11,861,975)**	(12,835,777)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Cash inflows from financing activities:				
Increase in borrowings	**24,030,389**	70,163,042	**1,352,911**	3,950,179
Increase in government grants	**429,493**	70,401	**24,180**	3,964
Sales of treasury stock	**–**	2,294,957	**–**	129,206
	24,459,882	72,528,400	**1,377,091**	4,083,349

(Continued)

SEPARATE STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016 AND 2015

	Korean won		Indian-Rupee	
	Year ended December 31, 2016	Year ended December 31, 2015	**Year ended December 31, 2016**	Year ended December 31, 2015
	(In thousands)		(In thousands)	
Cash outflows for financing activities:				
Redemption of borrowings	**₩ 17,500,000**	₩ 5,000,000	**Rs. 985,250**	Rs. 281,500
	17,500,000	5,000,000	**985,250**	281,500
Net provided by cash (used in) financing activities	**6,959,882**	67,528,400	**391,841**	3,801,849
NET INCREASE IN CASH AND CASH EQUIVALENTS	**41,884,126**	43,682,058	**2,358,077**	2,459,300
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**192,773,290**	149,091,232	**10,853,136**	8,393,836
CASH AND CASH EQUIVALENTS, END OF YEAR	**₩ 234,657,416**	₩ 192,773,290	Rs. **13,211,213**	Rs. 10,853,136

(Concluded)

See notes to separate financial statements.

NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

1. **GENERAL:**

(1) Company overview and recent changes in business environment

Ssangyong Motor Company (the "Company") was incorporated on December 6, 1962, in the Republic of Korea and listed its stocks on the Korea Stock Exchange in May 1975. The Company's headquarters is located at Dongsak-ro, Pyungtaek, and its factories are located in Pyungtaek, Kyeonggi-do, and Changwon, Kyeongsangnam-do, Republic of Korea. The Company manufactures and distributes motor vehicles and parts.

(2) Major shareholders

The Company's shareholders as of December 31, 2016, are as follows:

Name of shareholder	Number of shares owned	Percentage of ownership (%)
Mahindra & Mahindra Ltd.	99,964,502	72.85
Others	37,255,594	27.15
	137,220,096	100

2. **SIGNIFICANT ACCOUNTING POLICIES:**

The Company maintains its official accounting records in Korean won and prepares separate financial statements in conformity with Korean International Financial Reporting Standards ("K-IFRSs") in the Korean language (Hangul). Accordingly, these separate financial statements are intended for use by those who are informed about K-IFRS and Korean practices. The accompanying separate financial statements have been condensed, restructured and translated into English with certain expanded descriptions from the Korean language separate financial statements. Certain information included in the Korean language separate financial statements, but not required for a fair presentation of the Company's financial position, comprehensive income, changes in shareholders' equity or cash flows is not presented in the accompanying separate financial statements.

The Indian rupee amounts presented in these separate financial statements were computed by translating the Korean won into Indian rupees based on the Bank of Korea basic rate (₩1 to Rs. 0.05630 at December 31, 2016), solely for the convenience of the reader. These convenience translations into Indian rupees should not be construed as representations that the Korean won amounts have been, could have been or could in the future be converted at this or any other rate of exchange.

The separate financial statements as of and for the year ended December 31, 2016, to be submitted at the ordinary shareholders' meeting were authorized for issuance at the board of directors' meeting on February 15, 2017.

(1) Basis of preparation

The Company has prepared its separate financial statements in accordance with the K-IFRS.

The Company's financial statements are separate financial statements prepared in accordance with the requirements of K-IFRS 1027, *Separate Financial Statements*, in which a parent, or an investor with joint control of, or significant influence over, an investee, accounts for the investments on the basis of the direct equity interest rather than on the basis of the underlying results and net assets of the investees.

Major accounting policies used for the preparation of the separate financial statements are stated below. Unless stated otherwise, these accounting policies have been applied consistently to the separate financial statements for the current period and accompanying comparative period.

The accompanying separate financial statements have been prepared on the historical cost basis, except for certain properties/non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given.

1) Amendments to K-IFRSs and new interpretations that are mandatorily effective for the current year:

In the current year, the Company has applied a number of amendments to K-IFRSs and new interpretations issued that are mandatorily effective accounting periods beginning on or after January 1, 2017.

Amendments to K-IFRS 1110 – Consolidated Financial Statements, K-IFRS 1112 Disclosure of interests in other entities and K-IFRS 1028 Investment in associates

The amendments clarify that in applying the equity method of accounting to an associate or a joint venture that is an investment entity, an investor may retain the fair value measurements that the associate or joint venture used for its subsidiaries.

Amendments to K-IFRS 1111 – Accounting for Acquisitions of Interests in Joint Operations

The amendments to K-IFRS 1111 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in K-IFRS 1103 Business Combinations. A joint operator is also required to disclose the relevant information required by K-IFRS 1103 and other standards for business combinations.

Amendments to K-IFRS 1001 – Presentation of Financial Statements

The amendments to K-IFRS 1001 clarify the concept of applying materiality in practice and restrict an entity reducing the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

Amendments to K-IFRS 1016 – Property, Plant and Equipment

The amendments to K-IFRS 1016 prohibit the Company from using a revenue-based depreciation method for items of property, plant and equipment.

Amendments to K-IFRS 1038– Intangible Assets

The amendments to K-IFRS 1038 do not allow presumption that revenue is an appropriate basis for the amortization of intangible assets; the presumption can only be limited when the intangible asset is expressed as a measure of revenue or when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

Amendments to K-IFRS 1027 – Separate Financial Statements

The following amendments discuss accounting for investment in subsidiaries, related parties and joint ventures at cost basis, as well as allowing application of K-IFRS 1039, *Financial Instruments: Recognition and Measurement*, methods and application of equity method accounting under K-IFRS 1028, *Investment in Associates and Joint Ventures*.

Annual Improvements to K-IFRS 2012-2014 Cycle

The annual improvements include amendments to a number of K-IFRSs. The amendments introduce specific guidance in K-IFRS 1105 Non-current Assets Held for Sale and Discontinued Operations when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), such a change is considered as a continuation of the original plan of disposal, and not as a change to a plan of sale. Other amendments to the annual improvements include K-IFRS 1107 Financial Instruments: Disclosures, K-IFRS 1019 Employee Benefits and K-IFRS 1034 Interim Financial Reporting.

2) New and revised IFRSs in issue, but not yet effective

The Company has not applied the following new and revised IFRSs that have been issued, but are not yet effective.

Amendments to K-IFRS 1109 – Financial Instruments

The amendments to K-IFRS 1109 contain the requirements for the classification and measurement of financial assets and financial liabilities based on a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets and based on the contractual terms that give rise on specified dates to cash flows, impairment methodology based on the expected credit losses, broadened types of instruments that qualify as hedging instruments, the types of risk components of non-financial items that are eligible for hedge accounting and change in the hedge effectiveness test. The amendments are effective for annual periods beginning on or after January 1, 2018.

The general impact of the new standard on the separate financial statement is as follows:

A. Classification and measurement of financial assets

When the Company adopts new standard of K-IFRS 1109, the Company classifies financial assets as seen in the table below based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset: as measured at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). If the host contract is determined in a hybrid contract, an entity may classify the entire hybrid contract as a financial asset rather than separating the embedded derivative from the host contract.

	Contractual cash flow characteristic	
Business model	**Solely payments of principal and interest**	**Otherwise**
Objective is to hold financial assets in order to collect contractual cash flows	Measured at amortized cost (*1)	FVTPL (*2)
The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets	FVOCI (*1)	
Objective is to sell financial assets and others	FVTPL	

(*1) An entity may designate as measured at FVTPL to eliminate or significantly reduce an accounting mismatch (irrevocable).
(*2) An entity may designate as FVOCI for investments in equity instruments that are not held for trading (irrevocable).

B. Classification and measurement of financial liabilities.

For financial liabilities designated as at FVTPL using the fair value option, K-IFRS 1109 requires the effects of changes in fair value attributable to an entity's credit risk to be recognized in other comprehensive income. The amounts presented in other comprehensive income are not subsequently transferred to profit or loss, unless this treatment of the credit risk component creates or enlarges a measurement mismatch.

C. Impairment: Financial assets and contract assets

Under K-IFRS 1039, the impairment is recognized only when there is an objective evidence of impairment based on incurred loss model, but under K-IFRS 1109, impairment is recognized based on expected credit loss model for debt instrument, lease receivables, contract assets, loan contracts and financial guarantee contracts that are measured at amortized cost or FVOCI.

In K-IFRS 1109, financial assets are classified into three stages depending on the extent of increase in the credit risk on financial instruments since initial recognition. The loss allowance is measured at an amount equal to 12-month expected credit losses or the lifetime expected credit losses, and therefore, credit losses will be recognized earlier than under the incurred loss model of K-IFRS 1039.

	Case	The loss allowance
Stage 1	Non-significant increase in credit risk since initial recognition	12-month expected credit losses: The portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.
Stage 2	Significant increase in credit risk since initial recognition	Lifetime expected credit losses: The expected credit losses that result from all possible default events over the expected life of a financial instrument.
Stage 3	Credit-impaired financial assets	

Under K-IFRS 1109, an entity shall only recognize the cumulative changes in lifetime expected credit losses since initial recognition as a loss allowance for purchased or originated credit-impaired financial assets.

D. Hedge Accounting

The new standard, K-IFRS 1109, retains the mechanics of hedge accounting in K-IFRS 1039. Under the new model, it is possible for an entity to reflect its risk management activities on the financial statements by focusing on principle-based hedge effectiveness assessment instead of simply complying with a rule-based approach under the K-IFRS 1039. The new model introduced greater flexibility to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify as hedging instruments and overhauling the quantitative hedge effectiveness (80%–125%) test.

In accordance with the transition requirements, entities with initial application may continue to retain the existing requirements under K-IFRS 1039 as their accounting policy.

Amendments to K-IFRS 1115 – Revenue from Contracts with Customers

The core principle under K-IFRS 1115 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The amendments introduces a five-step approach to revenue recognition and measurement: 1) Identify the contract with a customer, 2) Identify the performance obligations in the contract, 3) Determine the transaction price, 4) Allocate the transaction price to the performance obligations in the contract and 5) Recognize revenue when (or as) the entity satisfies a performance obligation. This standard will supersede K-IFRS 1011 - Construction Contracts, K-IFRS 1018- Revenue, K-IFRS 2113 - Customer Loyalty Programmes, K-IFRS 2115-Agreements for the Construction of Real Estate, K-IFRS 2118 - Transfers of Assets from Customers and K-IFRS 2031-Revenue-Barter Transactions Involving Advertising Services. The amendments are effective for annual periods beginning on or after January 1, 2018.

The Company is planning to prepare adoption for K-IFRS 1115 in a specific period of 2017 and set up corresponding internal management process, as well as accounting system in parallel. The Company is planning to evaluate the potential impact of K-IFRS 1115 on the separate financial statements and disclose the financial impact of the adoption of the standard on the separate financial statements as of and for the year ended on December 31, 2017.

Amendments to K-IFRS 1102 – Share-based Payment

The amendments to K-IFRS 1102 provide requirements on the accounting for the following:

1. the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, in which accounting for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments;

2. share-based payment transactions with a net settlement feature for withholding tax obligations, where the net settlement arrangement is designed to meet an entity's obligation under tax laws or regulations to withhold a certain amount in order to meet the employee's tax obligation associated with the share-based payment, which is then transferred, normally in cash, to the tax authorities on the employee's behalf; and

3. a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash settled to equity settled, where 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 an equity-settled transaction from the date of the modification. Any difference (whether a debit or a credit) between the carrying amount of the liability derecognized and the amount recognized in equity on the modification date is recognized immediately in profit or loss.

The amendments are effective for annual periods beginning on or after January 1, 2018.

Amendments to K-IFRS 1007 – Statement of Cash Flows

The amendments to K-IFRS 1007 contain the requirement that changes in liabilities arising from financing activities to be disclosed (to the extent necessary). The amendments are effective for annual periods beginning on or after January 1, 2017.

Amendments to K-IFRS 1012 – Income taxes

The amendments to K-IFRS 1012 clarify the following:

- The carrying value of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilization of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

The amendments are effective for annual periods beginning on or after January 1, 2017.

The Company does not anticipate that these amendments referred above will have a significant effect on the Company's separate financial statements and disclosures.

(2) Accounting for investments in subsidiaries and joint ventures

The Company in accordance with the K-IFRS 1027 *'Consolidated and Separate financial statements'* is a parent company and it has subsidiaries, Ssangyong Motor (Shanghai) Co., Ltd and Ssangyong European Parts Center B.V., and has a joint venture with SY auto capital Co., Ltd. When the Company prepares separate financial statements, the investments in subsidiaries and a joint venture are accounted for at cost basis by the direct investment proportion. Also, the Company recognizes a dividend from a subsidiary in profit or loss in the separate financial statements when its right to receive the dividend is established.

(3) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. The Company recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company's activities, as described below.

1) Sale of goods

Revenue from the sale of goods is recognized when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods.

2) Rendering of services

Revenue from a contract to provide services is recognized by reference to the stage of completion of the contract. Depending on the nature of the transaction, the Company determines the stage of completion by reference to surveys of work performed, services performed to date as a percentage of total services to be performed or the proportion that costs incurred to date bear to the estimated total costs of the transaction, as applicable.

3) Dividend and interest income

Dividend income from investments is recognized when the shareholders' right to receive payment has been established (provided it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition

(4) Foreign currencies

The individual financial statements of each entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the separate financial statements, the results and financial position of each entity are expressed in Korean won, which is the functional currency of the entity and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(5) Financial Instruments

Financial assets and financial liabilities are recognized when an entity becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

All regular-way purchases or sales of financial assets are recognized and derecognized on a trade-date basis. Regular-way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets are classified into the following specified categories: 'financial assets at FVTPL,' 'held-to-maturity investments,' 'available-for-sale ("AFS") financial assets' and 'loans and receivables.' The classification depends on the nature and purpose of the financial assets, and is determined at the time of initial recognition.

1) Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument, and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

2) Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is contingent consideration that may be paid by an acquirer as part of business combination to which K-IFRS 1103 applies.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term;
- on initial recognition, it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial asset forms part of a Company of financial assets or financial liabilities, or both, which is managed, and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and K-IFRS 1039 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset, and is included in the 'other gains and losses' line item in the separate statement of comprehensive income.

3) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortized cost using the effective interest method, less any impairment, with revenue recognized on an effective yield basis.

4) AFS financial assets

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.

They are subsequently measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency rates (see below), interest income calculated using the effective interest method and dividends on AFS equity investments are recognized in profit or loss. Other changes in the carrying amount of AFS financial assets are recognized in other comprehensive income (as investments revaluation reserve). When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in other comprehensive income is reclassified to profit or loss.

Dividends on AFS equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established.

The fair value of AFS monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognized in profit or loss are determined based on the amortized cost of the monetary asset. Other foreign exchange gains and losses are recognized in other comprehensive income.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to, and must be settled by, delivery of such unquoted equity investments are measured at cost, less any identified impairment losses at the end of each reporting period.

5) Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments and are not quoted in an active market are classified as 'loans and receivables.' Loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

6) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment include:

- significant financial difficulty of the issuer or counterparty,
- default or delinquency in interest or principal payments,
- it becoming probable that the borrower will enter bankruptcy or financial reorganization or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments and an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets, with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of AFS equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

7) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognize a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulated gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On derecognition of financial assets other than in its entirety (e.g., when the Company retains an option to repurchase part of a transferred asset or it retains a residual interest and such an retained interest indicates that the transferor has neither transferred nor retained substantially all the risks and rewards of ownership and has retained control of the transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement and the part it no longer recognizes on the basis of the relative fair value of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part that is no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair value of those parts.

(6) Financial liabilities and equity instruments

1) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definitions of financial liability and an equity instrument.

2) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized as the proceeds are received, net of direct issue costs.

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

3) Financial liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments. Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the issue of financial liabilities are deducted from the fair value of the financial liabilities on initial recognition. Transaction costs directly attributable to acquisition of financial liabilities at FVTPL are recognized immediately in profit or loss.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

4) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is contingent consideration that may be paid by an acquirer as part of a business combination to which K-IFRS 1103 applies, held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing in the near term;
- on initial recognition, it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a Company of financial assets or financial liabilities, or both, which is managed, and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and K-IFRS 1039 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss is recognized in other gains and losses line item in the statement of comprehensive income.

5) Other financial liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability, and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments, including all fees and points paid or received (that form an integral part of the effective interest rate) and transaction costs and other premiums or discounts through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

6) Derecognition of financial liabilities

The Company derecognizes financial liabilities when the Company's obligations are discharged, canceled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

(7) Derivative financial instruments

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

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

A derivative with a positive fair value is recognized as a financial asset; a derivative with a negative fair value is recognized as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

1) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in other gains and losses line item.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognized in profit or loss, in the same line of the separate statement of comprehensive income as the recognized hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

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

(8) Inventories

Inventories are stated at the lower of cost or net realizable value. Cost of inventories, except for those in transit, are measured under the weighted-average method and consists of the purchase price, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value represents the estimated selling price for inventories, less all estimated costs of completion and costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognized as an expense (cost of sales) in the period in which the related revenue is recognized. The amount of any write-down of inventories to net realizable value and all losses of inventories is recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

(9) Property, plant and equipment

Property, plant and equipment are stated at cost, less subsequent accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment is directly attributable to their purchase or construction, which includes any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. It also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs are recognized in the carrying amount of an asset or as a separate asset if it is probable that future economic benefits associated with the assets will flow into the Company and the cost of an asset can be measured reliably. Routine maintenance and repairs are expensed as incurred.

The Company does not depreciate land. Depreciation expense is computed using the straight-line method based on the estimated useful lives of the assets as follows:

	Useful lives (Years)
Buildings	24–50
Structures	13–30
Machinery and equipment	10
Vehicles	6–10
Others	6–10

If each part of an item of property, plant and equipment has a cost that is significant in relation to the total cost of the item, it is depreciated separately.

The Company reviews the depreciation method, the estimated useful lives and residual values of property, plant and equipment at the end of each annual reporting period. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

(10) Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost, less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost, less accumulated impairment losses.

2) Internally generated intangible assets - research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

Expenditure arising from development (or from the development phase of an internal project) is recognized as an intangible asset if, and only if, the development project is designed to produce new or substantially improved products, and the Company can demonstrate the technical and economic feasibility and measure reliably the resources attributable to the intangible asset during its development.

The amount initially recognized for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria. Where no internally generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost, less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3) Derecognition of intangible assets

An intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

(11) Impairment of property, plant and equipment

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise, they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value, less costs to sell, or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

(12) Retirement benefit costs and termination benefits

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the separate statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are composed of service cost (including current service cost and past service cost, as well as gains and losses on curtailments and settlements), net interest expense (income) and remeasurement.

The Company presents the service cost and net interest expense (income) components in profit or loss and the remeasurement component in other comprehensive income. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognized in the separate statement of financial position represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit or when the entity recognizes any related restructuring costs.

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan. When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

If the contributions are not linked to services (e.g., contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability (asset).

If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the entity reduces service cost by attributing the contributions to periods of service using the attribution method required by K-IFRS 1019 paragraph 70 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the entity reduces service cost in the period in which the related service is rendered.

(13) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material). The discount rate used is a pretax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage is recognized in profit or loss as borrowing cost.

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

At the end of each reporting period, the remaining provision balance is reviewed and assessed to determine if the current best estimate is being recognized. If the existence of an obligation to transfer economic benefit is no longer probable, the related provision is reversed during the period.

(14) Lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

1) The Company as lessor

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

2) The Company as lessee

Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the separate statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs (see Note 2. (12)). Contingent rentals are recognized as expenses in the periods in which they are incurred.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising from operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed

(15) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

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

(16) Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Government grants related to assets are presented in the separate statement of financial position by deducting the grant from the carrying amount of the asset. The related grant is recognized in profit or loss over the life of a depreciable asset as a reduced depreciation expense.

Government grants related to income are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they become receivable.

(17) Taxation

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

1) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the separate statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent it is probable that there will be sufficient taxable profits against which the benefits of the temporary differences can be utilized 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 it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if, and only if, the Company has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities that intend either to settle current tax liabilities and assets on a net basis or to realize the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

For the purpose of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale.

3) Current and deferred taxes for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(18) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these separate financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of K-IFRS 1102 Share-based payment; leasing transactions that are within the scope of K-IFRS 1017 Leases; and measurements that have some similarities to fair value, but are not fair value, such as net realizable value in K-IFRS 1002 Inventories or value in use in K IFRS 1036 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

(19) Segment information

Segment information is presented in the same format as the reporting material presented to the Company's management. The Company's management is liable for the assessment of the resources to be allocated to the business segments and the performance results of the business segments.

(20) Accounting Treatment related to the Emission Rights Cap and Trade Scheme

The Company classifies the emission rights as intangible assets. Emission right allowances the government allocated free of charge are measured at ₩0, and emission right allowances purchased are measured at cost that the Company paid to purchase the allowances. If emission rights that the government allocated free of charge are sufficient to settle the emission rights allowances allotted for vintage year, the emissions liabilities are measured at ₩0. However, for the emission liabilities that exceed the allowances allocated free of charge, the shortfall is measured at best estimate at the end of the reporting period.

3. <u>CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS:</u>

In the application of the Company accounting policies, which are described in Note 2, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(1) Provision for product warranties

The Company provides warranties for its products at recognition of sale and establishes a provision for product warranties at the end of each reporting period based on the best estimate of the expenses necessary to provide present and future warranty obligations.

(2) Retirement benefit obligation

The retirement benefit obligation recognized in the separate statements of financial position represents the present value of the defined benefit obligation, as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost, and as reduced by the fair value of plan assets. For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. The present value of defined benefit obligations is expressed in a currency in which retirement benefits will be paid, and is calculated by discounting expected future cash outflows with the interest rate of high-quality corporate bonds whose maturity is similar to the payment date of retirement benefit obligations. Other significant assumptions related to defined benefit obligation are partly based on the current market situation.

4. <u>CASH AND CASH EQUIVALENTS:</u>

Cash and cash equivalents include cash on hand and in banks and highly liquid short-term financial instruments that may be easily converted into cash and whose risk of value fluctuation is not material.

5. RESTRICTED FINANCIAL ASSETS:

Restricted financial assets as of December 31, 2016, and 2015, are as follows: (Unit: Korean won in thousands)

	Financial institution	December 31, 2016	December 31, 2015	Notes
Cash and cash equivalents	Shinhan Bank and others	₩ 177,208	₩ 567,340	Government subsidies and others
	Woori Bank	746,591	957,689	Unconfirmed reorganization debt pledged as collateral
Long-term financial instruments	Shinhan Bank and others	6,000	6,000	Overdraft deposit
		₩ 929,799	₩ 1,531,029	

(Unit: Indian Rupee in thousands)

	Financial institution	December 31, 2016	December 31, 2015	Notes
Cash and cash equivalents	Shinhan Bank and others	Rs. 9,977	Rs. 31,941	Government subsidies and others
	Woori Bank	42,033	53,918	Unconfirmed reorganization debt pledged as collateral
Long-term financial instruments	Shinhan Bank and others	338	338	Overdraft deposit
		Rs. 52,348	Rs. 86,197	

6. AFS FINANCIAL ASSETS:

The Company's long-term, AFS financial assets as of December 31, 2016, and December 31, 2015, are as follows: (Unit: Korean won in thousands)

		December 31, 2016			December 31, 2015
Classification	Ownership (%)	Acquisition Cost	Net asset Value	Book value	Book value
Kihyup Technology Banking Corporation (*)	1.72	₩ 500,000	₩ 685,246	₩ 500,000	₩ 500,000
Korea Management Consultants Association (*)	1.50	60,000	603,782	60,000	60,000
		₩ 560,000	₩ 1,289,028	₩ 560,000	₩ 560,000

(Unit: Indian Rupee in thousands):

		December 31, 2016			December 31, 2015
Classification	Ownership (%)	Acquisition Cost	Net asset Value	Book value	Book value
Kihyup Technology Banking Corporation (*)	1.72	Rs. 28,150	Rs. 38,579	Rs. 28,150	Rs. 28,150
Korea Management Consultants Association (*)	1.50	3,378	33,993	3,378	3,378
		Rs. 31,528	Rs. 72,572	Rs. 31,528	Rs. 31,528

(*) Because the market prices from an active market are not available and the fair values cannot be reliably measured, AFS financial assets are measured at their acquisition costs.

7. TRADE AND OTHER RECEIVABLES:

All current trade and other receivables are due within one year from December 31, 2016, and because the present value discount effect is not material, the fair value of the aforementioned receivables is equal to the book value.

(1) Details of current portion of trade and other receivables as of December 31, 2016 and 2015, are as follows: (Unit: Korean won in thousands)

	December 31, 2016			
Financial assets	Trade Receivables	Non-trade Receivables	Other Receivables	Other long-term Receivables
Receivables – general	₩ 218,738,512	₩ 7,660,486	₩ 10,473,406	₩ 41,113,663
Less: Allowance for doubtful accounts	(93,208)	(1,732)	(45,320)	(76,678)
	₩ 218,645,304	₩ 7,658,754	₩ 10,428,086	₩ 41,036,985

	December 31, 2015			
Financial assets	Trade Receivables	Non-trade Receivables	Other Receivables	Other long-term Receivables
Receivables – general	₩ 151,800,114	₩ 6,718,300	₩ 2,581,171	₩ 50,381,524
Less: Allowance for doubtful accounts	(44,462)	(2,252)	(8,666)	(159,256)
	₩ 151,755,652	₩ 6,716,048	₩ 2,572,505	₩ 50,222,268

(Unit: Indian Rupee in thousands):

Financial assets	December 31, 2016 Trade Receivables	Non-trade Receivables	Other Receivables	Other long-term Receivables
Receivables – general	Rs. 12,314,978	Rs. 431,285	Rs. 589,654	Rs. 2,314,699
Less: Allowance for doubtful accounts	(5,248)	(98)	(2,551)	(4,317)
	Rs. 12,309,730	Rs. 431,187	Rs. 587,103	Rs. 2,310,382

Financial assets	December 31, 2015 Trade Receivables	Non-trade Receivables	Other Receivables	Other long-term Receivables
Receivables – general	Rs. 8,546,346	Rs. 378,240	Rs. 145,320	Rs. 2,836,480
Less: Allowance for doubtful accounts.........	(2,503)	(127)	(487)	(8,966)
	Rs. 8,543,843	Rs. 378,113	Rs. 144,833	Rs. 2,827,514

(2) Credit risk and allowance for doubtful accounts

The above-mentioned trade and non-trade receivables and other receivables are classified as loans and receivables and measured at amortized cost.

If a credit risk occurs with respect to a dealership sale, which is a major type of the Company's sales, the respective dealership bears all of the risk; the Company manages credit risk on product sales using two management indexes, agreed liability rate and agreed excess rate, and when the management index exceeds the agreed rate, it imposes a release restriction on the respective dealership and transfers a credit risk arising from product sales.

The Company's trade receivables are usually collected within 30 days, but some of the notes receivable are collected within 75 days. Based on the past experience, receivables that are overdue for more than one year are usually not collected, and the Company reserves the full amount of those receivables as an allowance for doubtful accounts. The Company estimates an allowance for the receivables that are overdue for more than 90 days, but less than one year through an individual analysis based on each transacting party; for receivables that are not subject to individual analysis, the Company estimates an allowance based on the historical loss rates.

Some of the trade receivables that are overdue for more than 90 days are not included in the above-mentioned trade receivables (refer to the aging analysis below); the Company did not reserve an allowance for the aforementioned receivables as its credit ratings did not change materially and it is expected to be collected. The Company has no collaterals pledged or credit enforcement provided for the aforementioned receivables, and does not have a legal right to offset those receivables with the debt of the transacting parties.

1) Aging analysis of the trade and non-trade receivables that are overdue, but not impaired as of December 31, 2016 and 2015, is as follows:

(Unit: Korean won in thousands)

Classification	December 31, 2016 3-6 months	6-12 months	More than 1 year	Total
Trade receivables	₩ 1,417,422	₩ 4,925,009	₩ 1,483,229	₩ 7,825,660
Non-trade receivables	602,763	15,602	4,635,956	5,254,321
Other long-term receivables	3,741,144	–	103,250	3,844,394
	₩ 5,761,329	₩ 4,940,611	₩ 6,222,435	₩ 16,924,375

Classification	December 31, 2015 3-6 months	6-12 months	More than 1 year	Total
Trade receivables	₩ 502,783	₩ 316,971	₩ 467,374	₩ 1,287,128
Non-trade receivables	285,124	470,299	4,125,784	4,881,207
Other long-term receivables	2,894,991	4,843,854	103,250	7,842,095
	₩ 3,682,898	₩ 5,631,124	₩ 4,696,408	₩ 14,010,430

(Unit: Indian Rupee in thousands):

Classification	December 31, 2016 3-6 months	6-12 months	More than 1 year	Total
Trade receivables	Rs. 79,801	Rs. 277,278	Rs. 83,506	Rs. 440,585
Non-trade receivables	33,936	878	261,004	295,818
Other long-term receivables	210,626	–	5,813	216,439
	Rs. 324,363	Rs. 278,156	Rs. 350,323	Rs. 952,842

Classification	December 31, 2015 3-6 months	6-12 months	More than 1 year	Total
Trade receivables	Rs. 28,307	Rs. 17,845	Rs. 26,313	Rs. 72,465
Non-trade receivables	16,052	26,478	232,282	274,812
Other long-term receivables	162,988	272,709	5,813	441,510
	Rs. 207,347	Rs. 317,032	Rs. 264,408	Rs. 788,787

2) Aging analysis of the trade, non-trade receivables and other long-term receivables that are overdue, but impaired as of December 31, 2016 and 2015, are as follows:

(Unit: Korean won in thousands)

Classification	December 31, 2016 3-6 months	6-12 months	More than 1 year	Total
Other long-term receivables	₩ –	₩ –	₩ 44,607	₩ 44,607

Classification	December 31, 2015 3-6 months	6-12 months	More than 1 year	Total
Other long-term receivables	₩ –	₩ –	₩ 47,349	₩ 47,349

(Unit: Indian-Rupee in thousands)

Classification	December 31, 2016 3-6 months	6-12 months	More than 1 year	Total
Other long-term receivables	Rs. –	Rs. –	Rs. 2,511	Rs. 2,511

Classification	December 31, 2015 3-6 months	6-12 months	More than 1 year	Total
Other long-term receivables	Rs. –	Rs. –	Rs. 2,666	Rs. 2,666

3) Changes in allowance for trade and other receivables as of December 31, 2016 and 2015, are as follows:

(Unit: Korean won in thousands)

Classification	Year ended December 31, 2016 Trade Receivables	Non-trade Receivables	Other Receivables	Other long-term Receivables
Beginning balance	₩ 44,462	₩ 2,252	₩ 8,666	₩ 159,256
Bad debt expense	48,746	(520)	36,654	(82,578)
	₩ 93,208	₩ 1,732	₩ 45,320	₩ 76,678

Classification	Year ended December 31, 2015 Trade Receivables	Non-trade Receivables	Other Receivables	Other long-term Receivables
Beginning balance	₩ 87,169	₩ 393,336	₩ 11,054	₩ 149,638
Bad debt expense	(42,707)	(30,821)	(2,388)	9,618
Write-offs	–	(360,263)	–	–
Ending balance	₩ 44,462	₩ 2,252	₩ 8,666	₩ 159,256

(Unit: Indian Rupee in thousands):

Classification	December 31, 2016 Trade Receivables	Non-trade Receivables	Other Receivables	Other long-term Receivables
Beginning balance	Rs. 2,503	Rs. 127	Rs. 487	Rs. 8,966
Bad debt expense	2,745	(29)	2,064	(4,649)
Ending balance	Rs. 5,248	Rs. 98	Rs. 2,551	Rs. 4,317

Classification	December 31, 2015 Trade Receivables	Non-trade Receivables	Other Receivables	Other long-term Receivables
Beginning balance	Rs. 4,908	Rs. 22,145	Rs. 622	Rs. 8,425
Bad debt expense	(2,405)	(1,261)	(135)	541
Write-offs	–	(20,757)	–	–
Ending balance	Rs. 2,503	Rs. 127	Rs. 487	Rs. 8,966

The Company estimates allowances for doubtful accounts through individual analysis, and an allowance for the receivables that are not subject to separate individual analysis is estimated based on the historical collection rates. For troubled receivables (default, liquidation, bankruptcy, court receivership, workout, disappearance, full-scale capital erosion, etc.), the Company assesses collectibility of each receivable through an individual analysis and reserves 100% allowance. For the receivables that are not subject to individual analysis, the allowance is estimated by applying the average loss rate for the past three years to the remaining balance of the receivables at the end of a reporting period; the three-year average loss rate is calculated by dividing the amount of actual loss occurred in the past three years by the average balance of the receivables.

8. INVENTORIES:

Details of inventories as of December 31, 2016 and 2015, are as follows:

(Unit: Korean won in thousands)

	December 31, 2016	December 31, 2015
Merchandises	₩ 36,986,821	₩ 38,356,970
Finished goods	46,638,240	56,174,620
Work-in-process	28,203,922	29,360,159
Raw materials	32,040,766	45,354,455
Sub-materials	433,593	454,283
Supplies	3,545,334	3,740,522
Goods in transit	52,284,047	70,190,527
Total	₩ 200,132,723	₩ 243,631,536

(Unit: Indian Rupee in thousands)

	December 31, 2016	December 31, 2015
Merchandises	Rs. 2,082,358	Rs. 2,159,497
Finished goods	2,625,733	3,162,631
Work-in-process	1,587,881	1,652,977
Raw materials	1,803,895	2,553,456
Sub-materials	24,411	25,576
Supplies	199,602	210,591
Goods in transit	2,943,592	3,951,727
Total	Rs. 11,267,472	Rs. 13,716,455

The Company uses the "lower of cost or market method" for the statements of financial position in case inventories' market value decreases under the acquisition cost. On the other hand, loss on valuation of inventories, which was added to "cost of sales" during the current period due to the application of "lower of cost or market method," amounted to ₩5,967,918 thousand (Rs. 335,994 thousand).

9. INVESTMENT IN SUBSIDIARIES AND JOINT VENTURE:

(1) Details of investment in subsidiaries and joint venture as of December 31, 2016, and 2015, are as follows:

(Unit: Korean won in thousands)

Classification	Company	Location	Ownership %	Closing Month	December 31, 2016 Acquisition cost	December 31, 2016 Book value	December 31, 2015 Book value
Subsidiaries	Ssangyong Motor (Shanghai) Co., Ltd.	China	100	December	₩ 5,338,097	₩ 5,829,056	₩ 5,829,056
	Ssangyong European Parts Center B.V.	Netherland	100	December	835,695	–	–
Joint venture	SY Auto Capital Co., Ltd.(*)	Korea	51	December	10,200,000	10,200,000	10,200,000
					₩ 16,373,792	₩ 16,029,056	₩ 16,029,056

(Unit: Indian Rupee in thousands)

Classification	Company	Location	Ownership %	Closing Month	December 31, 2016 Acquisition cost	December 31, 2016 Book value	December 31, 2015 Book value
Subsidiaries	Ssangyong Motor (Shanghai) Co., Ltd.	China	100	December	Rs. 300,535	Rs. 328,176	Rs. 328,176
	Ssangyong European Parts Center B.V.	Netherland	100	December	47,050	–	–
Joint venture	SY Auto Capital Co., Ltd.(*)	Korea	51	December	574,260	574,260	574,260
					Rs. 921,845	Rs. 902,436	Rs. 902,436

(*) SY Auto Capital Co., Ltd. was incorporated in 2015, and is a joint arrangement whereby the Company and KB Capital Co., Ltd. have joint control, which is the contractually agreed sharing of control of an arrangement.

(2) Summarized financial information of subsidiaries

The summarized financial information of the Company's subsidiaries and joint venture as of and for the year ended December 31, 2016, is as follows:

(Unit: Korean won in thousands)

Classification	Company	Assets	Liabilities	Sales	Net income (loss)
Subsidiaries	Ssangyong Motor (Shanghai) Co., Ltd	₩ 3,012,220	₩ 661,474	₩ 144,453	₩ (832,206)
	Ssangyong European Parts Center B.V.	₩ 11,489,757	₩ 15,008,769	₩ 16,806,961	₩ 141,588
Joint venture	SY Auto Capital Co., Ltd.	₩ 65,291,551	₩ 38,980,618	₩ 897,492	₩ 6,961,565

(Unit: Indian-Rupee in thousands)

Classification	Company	Assets	Liabilities	Sales	Net income (loss)
Subsidiaries	Ssangyong Motor (Shanghai) Co., Ltd	Rs. 169,588	Rs. 37,241	Rs. 8,133	Rs. (46,853)
	Ssangyong European Parts Center B.V.	Rs. 646,873	Rs. 844,994	Rs. 946,232	Rs. 7,971
Joint venture	SY Auto Capital Co., Ltd.	Rs. 3,675,914	Rs. 2,194,609	Rs. 50,529	Rs. 391,936

10. OTHER ASSETS:

Carrying amounts of other assets as of December 31, 2016, and 2015, are as follows:

(Unit: Korean won in thousands)

Account	December 31, 2016	December 31, 2015
Other current assets		
Advance payments	₩ 1,789,332	₩ 1,077,125
Less: Allowance for doubtful accounts	(4,488)	(663)
Prepaid expenses	5,167,105	5,043,884
Income tax refundable	342,594	416,791
	7,294,543	6,537,137
Other non-current assets		
Other non-current assets	273,318	352,984
	₩ 273,318	₩ 352,984

(Unit: Indian Rupee in thousands)

Account	December 31, 2016	December 31, 2015
Other current assets		
Advance payments	Rs. 100,739	Rs. 60,642
Less: Allowance for doubtful accounts	(253)	(37)
Prepaid expenses	290,908	283,971
Other current assets	19,288	23,465
	410,682	368,041
Other non-current assets		
Other non-current assets	15,387	19,873
	Rs. 15,387	Rs. 19,873

11. PROPERTY, PLANT AND EQUIPMENT:

(1) Carrying amounts of property, plant and equipment as of December 31, 2016, and 2015, are as follows:
(Unit: Korean won in thousands)

	December 31, 2016				
	Acquisition cost	Government subsidies	Depreciation	Loss on valuation	Carrying amount
Land	₩ 475,072,283	₩ –	₩ –	₩ –	₩ 475,072,283
Buildings	538,730,945	1,906,386	206,865,385	148,366,787	181,592,387
Structures	108,248,754	115,454	62,439,683	28,913,882	16,779,735
Machinery	1,281,190,863	333,844	1,011,171,267	96,363,713	173,322,039
Vehicles	7,820,106	8,944	6,125,570	680,672	1,004,920
Tools and molds	1,070,562,591	13,254	683,055,335	159,733,640	227,760,362
Equipment	68,375,740	18,479	45,517,322	3,605,442	19,234,497
Construction in progress	103,179,053	–	–	–	103,179,053
Machinery in transit	1,016,181	–	–	–	1,016,181
	₩ 3,654,196,516	₩ 2,396,361	₩ 2,015,174,562	W 437,664,136	₩ 1,198,961,457

	December 31, 2015				
	Acquisition cost	Government subsidies	Depreciation	Loss on valuation	Carrying amount
Land	₩ 475,531,313	₩ –	₩ –	₩ –	₩ 475,531,313
Buildings	536,914,323	1,603,429	196,449,216	148,366,786	190,494,892
Structures	106,552,738	135,809	60,736,919	28,913,882	16,766,128
Machinery	1,312,354,742	453,057	1,027,789,268	98,337,509	185,774,908
Vehicles	8,732,094	–	6,455,442	896,350	1,380,302
Tools and molds	1,028,887,149	6,657	615,699,092	160,933,311	252,248,089
Equipment	67,272,687	6,874	40,414,354	4,056,990	22,794,469
Construction in progress	40,866,774	–	–	–	40,866,774
Machinery in transit	1,924,851	–	–	–	1,924,851
	₩ 3,579,036,671	₩ 2,205,826	₩ 1,947,544,291	₩ 441,504,828	₩ 1,187,781,726

(Unit: Indian Rupee in thousands)

	December 31, 2016				
	Acquisition cost	Government subsidies	Depreciation	Loss on valuation	Carrying amount
Land	Rs. 26,746,570	Rs. –	Rs. –	Rs. –	Rs. 26,746,570
Buildings	30,330,552	107,330	11,646,521	8,353,050	10,223,651
Structures	6,094,405	6,500	3,515,354	1,627,852	944,699
Machinery	72,131,046	18,795	56,928,942	5,425,277	9,758,032
Vehicles	440,272	504	344,871	38,322	56,575
Tools and molds	60,272,674	746	38,456,016	8,993,004	12,822,908
Equipment	3,849,554	1,040	2,562,625	202,986	1,082,903
Construction in progress	5,808,981	–	–	–	5,808,981
Machinery in transit	57,211	–	–	–	57,211
	Rs. 205,731,265	Rs. 134,915	Rs. 113,454,329	Rs. 24,640,491	Rs. 67,501,530

	December 31, 2015				
	Acquisition cost	Government subsidies	Depreciation	Loss on valuation	Carrying amount
Land	Rs. 26,772,413	Rs. –	Rs. –	Rs. –	Rs. 26,772,413
Buildings	30,228,276	90,273	11,060,090	8,353,050	10,724,863
Structures	5,998,919	7,646	3,419,488	1,627,852	943,933
Machinery	73,885,572	25,507	57,864,536	5,536,402	10,459,127
Vehicles	491,617	–	363,441	50,465	77,711
Tools and molds	57,926,346	375	34,663,859	9,060,545	14,201,567
Equipment	3,787,452	387	2,275,327	228,409	1,283,329
Construction in progress	2,300,799	–	–	–	2,300,799
Machinery in transit	108,369	–	–	–	108,369
	Rs. 201,499,763	Rs. 124,188	Rs. 109,646,741	Rs. 24,856,723	Rs. 66,872,111

(2) Changes in the carrying amounts of property, plant and equipment for the years ended December 31, 2016 and 2015, are as follows:

(Unit: Korean won in thousands)

	Year ended December 31, 2016					
	Beginning balance	Acquisition	Disposal	Other(*)	Depreciation(**)	Ending balance
Land	₩ 475,531,313	₩ 9,502	₩ 468,532	₩ –	₩ –	₩ 475,072,283
Buildings	190,494,892	233,348	151,728	1,505,947	10,490,072	181,592,387
Structures	16,766,128	1,567,112	47,999	230,036	1,735,542	16,779,735
Machinery	185,774,908	58,198	26,658	16,672,969	29,157,378	173,322,039
Vehicles	1,380,302	64,752	32,145	112,051	520,040	1,004,920
Tools and molds	252,248,089	4,169,299	19,915	41,292,933	69,930,044	227,760,362
Equipment	22,794,469	2,711,179	23,460	692,881	6,940,572	19,234,497
Construction in progress	40,866,774	118,971,315	120,000	(56,539,036)	–	103,179,053
Machinery in transit	1,924,851	2,239,081	–	(3,147,751)	–	1,016,181
	₩ 1,187,781,726	₩ 13,0023,786	₩ 890,437	₩ 820,030	₩ 118,773,648	₩ 1,198,961,457

	Year ended December 31, 2015					
	Beginning balance	Acquisition	Disposal	Other(*)	Depreciation(**)	Ending balance
Land	₩ 475,531,313	₩ –	₩ –	₩ –	₩ –	₩ 475,531,313
Buildings	194,648,005	389,551	1,242	5,698,947	10,240,369	190,494,892
Structures	16,955,549	401,124	4,441	1,115,663	1,701,767	16,766,128
Machinery	148,061,878	2,388,507	26,128	64,241,637	28,890,986	185,774,908
Vehicles	1,587,353	279,503	30,812	97,040	552,782	1,380,302
Tools and molds	178,424,106	23,730,518	20,107	120,072,555	69,958,983	252,248,089
Equipment	24,525,850	4,639,573	112,757	357,732	6,615,929	22,794,469
Construction in progress	131,569,206	97,653,494	–	(188,355,926)	–	40,866,774
Machinery in transit	2,355,375	2,181,592	–	(2,612,116)	–	1,924,851
	₩ 1,173,658,635	₩ 131,663,862	₩ 195,487	₩ 615,532	₩ 117,960,816	₩ 1,187,781,726

(*) Capitalization cost that has flowed into construction in progress and other accounts is ₩1,119,030 thousand (2015: ₩752,552 thousand) for this period.

(**) Depreciation cost of suspended assets amount of ₩ 12,861 thousand (2015: ₩ 19,080 thousand) is included from the depreciation cost.

(Unit: Indian Rupee in thousands)

	Year ended December 31, 2016					
	Beginning balance	Acquisition	Disposal	Other (*)	Depreciation (**)	Ending balance
Land	Rs. 26,772,413	Rs. 535	Rs. 26,378	Rs. –	Rs. –	Rs. 26,746,570
Buildings	10,724,863	13,137	8,542	84,785	590,592	10,223,651
Structures	943,933	88,228	2,702	12,951	97,711	944,699
Machinery	10,459,127	3,277	1,501	938,689	1,641,560	9,758,032
Vehicles	77,711	3,646	1,810	6,306	29,278	56,575
Tools and molds	14,201,567	234,731	1,121	2,324,792	3,937,061	12,822,908
Equipment	1,283,329	152,639	1,321	39,010	390,754	1,082,903
Construction in progress	2,300,799	6,698,085	6,756	(3,183,147)	–	5,808,981
Machinery in transit	108,369	126,060	–	(177,218)	–	57,211
	Rs. 66,872,111	Rs. 7,320,338	Rs. 50,131	Rs. 46,168	Rs. 6,686,956	Rs. 67,501,530

	Year ended December 31, 2015					
	Beginning balance	Acquisition	Disposal	Other (*)	Depreciation (**)	Ending balance
Land	Rs. 26,772,413	Rs. -	Rs. –	Rs. –	Rs. –	Rs. 26,772,413
Buildings	10,958,683	21,932	70	320,851	576,533	10,724,863
Structures	954,597	22,583	250	62,812	95,809	943,933
Machinery	8,335,884	134,473	1,470	3,616,804	1,626,562	10,459,129
Vehicles	89,368	15,736	1,735	5,463	31,122	77,710
Tools and molds	10,045,277	1,336,028	1,132	6,760,085	3,938,691	14,201,567
Equipment	1,380,805	261,208	6,348	20,140	372,477	1,283,328
Construction in progress	7,407,346	5,497,892	–	(10,604,439)	–	2,300,799
Machinery in transit	132,608	122,823	–	(147,062)	–	108,369
	Rs. 66,076,981	Rs. 7,412,675	Rs. 11,005	Rs. 34,654	Rs. 6,641,194	Rs. 66,872,111

(*) Capitalization cost that has flowed into construction in progress and other accounts is Rs. 63,001 thousand (2015: Rs. 42,369 thousand) for this period.

(**) Depreciation cost of suspended assets in the amount of Rs. 724 thousand (2015: Rs. 1,074 thousand) is included in the depreciation cost.

(3) The assets pledged as collateral for the Company's borrowings as of December 31, 2016, are as follows:

(Unit: Korean won in thousands)

Assets pledged as Collaterals	Details		Book value		Maximum amount
Land	Chilgoe-dong Pyeongtaek, Gyeonggi-do	₩	366,132,440		
Buildings	150-3 (factory site) and others		72,985,591	₩	267,000,000
Machinery and others	Pyeongtaek plant production facilities		4,003,143		
		₩	443,121,174		

(Unit: Indian-Rupee in thousands)

Assets pledged as Collateral	Details		Book value		Maximum amount
Land	Chilgoe-dong Pyeongtaek, Gyeonggi-do	Rs.	20,613,256		
Buildings	150-3 (factory site) and others		4,109,089	Rs.	15,032,100
Machinery and others	Pyeongtaek plant production facilities		225,377		
		Rs.	24,947,722		

(4) Borrowing costs and capitalized interest, which is the capital of the fiscal year and electrical are as follows.

(Unit: Korean won in thousands)

Account		December 31, 2016		December 31, 2015
Capitalized interest expenses(*)	₩	2,810,875	₩	2,335,308
Capitalization interest rate		3.58%		3.84%

(*) Borrowing costs that have been capitalized during the year in development costs is ₩ 1,691,845 thousand (2015: ₩ 1,582,756 thousand).

(Unit: Indian rupee in thousands)

Account		December 31, 2016		December 31, 2015
Capitalized interest expenses(*)	Rs.	158,252	Rs.	131,478
Capitalization interest rate		3.58%		3.84%

(*) Borrowing costs that have been capitalized during the year in development costs is Rs. 95,251 thousand (2015: Rs. 89,109 thousand).

12. INTANGIBLE ASSETS:

(1) Details of intangible assets as of December 31, 2016, and 2015, are as follows:

(Unit: Korean won in thousands)

	December 31, 2016				
	Acquisition Cost	Government Subsidies	Accumulated Depreciation	Accumulated Impairment loss	Book value
Development cost	₩ 170,793,491	₩ –	₩ 69,280,886	₩ –	₩ 101,512,605
Patents	3,489,061	21,119	1,703,782	54,627	1,709,533
Other intangible assets	154,930,497	37,464	23,194,568	576,105	131,122,360
	₩ 329,213,049	₩ 58,583	₩ 94,179,236	₩ 630,732	₩ 234,344,498

	December 31, 2015				
	Acquisition Cost	Government Subsidies	Accumulated Depreciation	Accumulated Impairment loss	Book value
Development cost	₩ 148,086,281	₩ –	₩ 38,550,140	₩ –	₩ 109,536,141
Patents	2,816,199	22,335	1,170,064	39,190	1,584,610
Other intangible assets	93,785,206	21,283	17,363,984	576,105	75,823,834
	₩ 244,687,686	₩ 43,618	₩ 57,084,188	₩ 615,295	₩ 186,944,585

(Unit: Indian-Rupee in thousands)

	December 31, 2016				
	Acquisition Cost	Government Subsidies	Accumulated Depreciation	Accumulated Impairment loss	Book value
Development cost	Rs. 9,615,674	Rs. –	Rs. 3,900,514	Rs. –	Rs. 5,715,160
Patents	196,434	1,189	95,923	3,076	96,246
Other intangible assets	8,722,587	2,109	1,305,854	32,435	7,382,189
	Rs. 18,534,695	Rs. 3,298	Rs. 5,302,291	Rs. 35,511	Rs. 13,193,595

	December 31, 2015				
	Acquisition Cost	Government Subsidies	Accumulated Depreciation	Accumulated Impairment loss	Book value
Development cost	Rs. 8,337,258	Rs. –	Rs. 2,170,373	Rs. –	Rs. 6,166,885
Patents	158,552	1,257	65,875	2,206	89,214
Other intangible assets	5,280,107	1,198	977,592	32,436	4,268,881
	Rs. 13,775,917	Rs. 2,455	Rs. 3,213,840	Rs. 34,642	Rs. 10,524,980

(2) Changes in intangible assets for the year ended December 31, 2016 and 2015, are as follows:

(Unit: Korean won in thousands)

	Year ended December 31, 2016							
	Beginning balance	Acquisition (*)	Transfer	Disposal	Depreciation	Impairment loss	Other (**)	Ending balance
Development cost	₩ 109,536,141	₩ –	₩ 22,707,210	₩ –	₩ 30,730,746	₩ –	₩ –	₩ 101,512,605
Patents	1,584,610	671,369	–	–	531,010	15,436	–	1,709,533
Other intangible assets	75,823,834	82,107,006	(22,687,810)	–	5,812,515	–	1,691,845	131,122,360
	₩ 186,944,585	₩ 82,778,375	₩ 19,400	₩ –	₩ 37,074,271	₩ 15,436	₩ 1,691,845	₩ 234,344,498

	Year ended December 31, 2015							
	Beginning balance	Acquisition (*)	Transfer	Disposal	Depreciation	Impairment loss	Other	Ending balance
Development cost	₩ 14,223,033	₩ 1,881,970	₩ 118,722,632	₩ –	₩ 25,298,599	₩ –	₩ 7,105	₩ 109,536,141
Patents	1,063,611	940,187	–	–	411,376	7,812	–	1,584,610
Other intangible assets	135,628,790	64,038,417	(118,722,632)	–	6,769,957	–	1,649,216	75,823,834
	₩ 150,915,434	₩ 66,860,574	₩ –	₩ –	₩ 32,479,932	₩ 7,812	₩ 1,656,321	₩ 186,944,585

(*) Of the acquisition amount of other intangible assets, the amount that you obtained in government subsidy is ₩ 1,493 thousand (2015: ₩ 12,769 thousand).

(**) Of the current year development costs, the amount that has flowed into the capital of the cost is ₩ 1,691,845 thousand (2015: ₩ 1,582,756 thousand) including difference of change of exchange rate.

(Unit: Indian-Rupee in thousands)

	Year ended December 31, 2016							
	Beginning balance	Acquisition	Transfer	Disposal	Depreciation	Impairment loss	Other	Ending balance
Development cost	Rs. 6,166,885	Rs. –	Rs. 1,278,416	Rs. –	Rs. 1,730,141	Rs. –	Rs. –	Rs. 5,715,160
Patents	89,214	37,799	–	–	29,896	871	–	96,246
Other intangible assets	4,268,881	4,622,624	(1,277,324)	–	327,244	–	95,252	7,382,189
	Rs. 10,524,980	Rs. 4,660,423	Rs. 1,092	Rs. –	Rs. 2,087,281	Rs. 871	Rs. 95,252	Rs. 13,193,595

	Year ended December 31, 2015							
	Beginning balance	Acquisition	Transfer	Disposal	Depreciation	Impairment loss	Other	Ending balance
Development cost	Rs. 800,757	Rs. 105,955	Rs. 6,684,084	Rs. –	Rs. 1,424,311	Rs. –	Rs. 400	Rs. 6,166,885
Patents	59,881	52,933	–	–	23,160	440	–	89,214
Other intangible assets	7,635,901	3,605,362	(6,684,084)	–	381,149	–	92,851	4,268,881
	Rs. 8,496,539	Rs. 3,764,250	Rs. –	Rs. –	Rs. 1,828,620	Rs. 440	Rs. 93,251	Rs. 10,524,980

(*) Of the acquisition amount of other intangible assets, the amount that you obtained in government subsidy is Rs. 84 thousand (2015: Rs. 719 thousand).

(**) Of the current year development costs, the amount that has flowed into the capital of the cost is Rs. 95,251 thousand (2015: Rs. 89,109 thousand) including difference of change of exchange rate.

(3) Amortization of the intangible assets for the year ended December 31, 2016 and 2015, is as follows:

	Korean Won in thousands		Indian-Rupee in thousands	
Account	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Cost of goods manufactured	₩ 30,730,746	₩ 25,298,599	Rs. 1,730,141	Rs. 1,424,311
Selling and administrative expenses	6,343,525	7,181,333	357,140	404,309
	₩ 37,074,271	₩ 32,479,932	Rs. 2,087,281	Rs. 1,828,620

(4) Changes in volume and book value of emission rights for the year ended December 31, 2017, 2016 and 2015, are as follows:

(Unit: tCo2/Korean won in thousands)

	2015		2016		2017		Total	
	Volume	Book value	Volume	Book value	Volume	Book value	Volume	Book value
Beginning balance	129,076	₩ –	127,422	₩ –	124,838	₩ –	381,336	₩ –
Allowance allocated free of charge	12,428	–	–	–	–	–	12,428	–
Ending balance	141,504	₩ –	127,422	₩ –	124,838	₩ –	393,764	₩ –

There are no pledged emission rights for the Company's borrowings as of December 31, 2016.

(5) Changes in emission liability for the year ended December 31, 2016, is as follows:

(Unit: Korean won in thousands)

Account	Beginning balance	Increase	Decrease	Ending balance
Emission liability	₩ 153,050	₩ 58,226	₩ –	₩ 211,276

(Unit: Indian rupee in thousands)

Account	Beginning balance	Increase	Decrease	Ending balance
Emission liability	₩ 8,617	₩ 3,278	₩ –	₩ 11,895

Estimated amount of greenhouse gas that is discharged during the year is 149,585 tCo2.

13. BORROWINGS:

(1) The Company's short-term borrowings as of December 31, 2016, and 2015, consist of the following:

(Unit: Korean won in thousands)

Creditor	Type	Interest rate	December 31, 2016	December 31, 2015
Korea Development Bank	Operating fund	CD + 2.12%	₩ 30,000,000	₩ 30,000,000
Woori Bank(*)	Operating fund	CD + 2.0%	25,000,000	17,500,000
Bank of America ("BOA") and others	Banker's usance	0.30% – 1.42%	126,967,721	105,724,546
			₩ 181,967,721	₩ 153,224,546

(Unit: Indian-Rupee in thousands):

Creditor	Type	Interest rate	December 31, 2016	December 31, 2015
Korea Development Bank	Operating fund	CD + 2.12%	Rs. 1,689,000	Rs. 1,689,000
Woori Bank*	Operating fund	CD + 2.0%	1,407,500	985,250
BOA and others	Banker's usance	0.30% – 1.42%	7,148,283	5,952,292
			Rs. 10,244,783	Rs. 8,626,542

(*) Of the amount of long-term borrowings, the amount is within one-year arrival worth.

(2) The Company's long-term borrowings as of December 31, 2016, and December 31, 2015, consist of the following:

(Unit: Korean won in thousands)

Creditor	Type	Interest rate	December 31, 2016	December 31, 2015
Woori Bank	Operating fund	CD + 2.0%	₩ 37,500,000	₩ 55,000,000
Net: within one year arrival worth			(25,000,000)	(17,500,000)
			₩ 12,500,000	₩ 37,500,000

(Unit: Indian rupee in thousands)

Creditor	Type	Interest rate	December 31, 2016	December 31, 2015
Woori Bank	Operating fund	CD + 2.0%	Rs. 2,111,250	Rs. 3,096,500
Net: within one year arrival worth			(1,407,500)	(985,250)
			Rs. 703,750	Rs. 2,111,250

(3) The Company provided the following collateral in relation to its borrowings:

Creditor	Assets pledged as collaterals	Pledged date	Maximum credit amount
Korea Development Bank	Land, buildings and machinery	2009-08-13	₩ 195 billion (Rs. 11 billion)
Woori Bank	Land, buildings and machinery	2014-10-29	₩ 36 billion (Rs. 2 billion)
Woori Bank	Land, buildings and machinery	2015-08-07	₩ 36 billion (Rs. 2 billion)

14. OTHER FINANCIAL LIABILITIES:

Carrying amounts of other financial liabilities as of December 31, 2016, and December 31, 2015, are as follows:

	Korean won in thousands		Indian rupee in thousands	
Classification	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Other current financial liabilities:				
Accrued expenses	₩ 34,519,616	₩ 32,484,211	Rs. 1,943,454	Rs. 1,828,861

15. PROVISION FOR PRODUCT WARRANTIES:

The Company provides warranties for the sale of its products and establishes a provision for product warranties for the amount of expected warranty costs. Provisions for product warranties as of December 31, 2016 and 2015, are as follows:

(Unit: Korean won in thousands)

	Beginning Balance	Increase	Decrease	Ending Balance	Current	Non-current
Dec. 31, 2016	₩ 143,793,979	₩ 101,824,464	₩ 99,769,459	₩ 145,848,984	₩ 53,153,294	₩ 92,695,690
Dec. 31, 2015	₩ 137,866,039	₩ 116,275,567	₩110,347,627	₩ 143,793,979	₩ 56,861,222	₩ 86,932,757

(Unit: Indian-Rupee in thousands):

	Beginning Balance	Increase	Decrease	Ending Balance	Current	Non-current
Dec. 31, 2016	Rs. 8,095,601	Rs. 5,732,717	Rs. 5,617,021	Rs. 8,211,297	Rs. 2,992,530	Rs. 5,218,767
Dec. 31, 2015	Rs. 7,761,858	Rs. 6,546,314	Rs. 6,212,571	Rs. 8,095,601	Rs. 3,201,287	Rs. 4,894,314

16. OTHER LIABILITIES:

Carrying amounts of other liabilities as of December 31, 2016, and 2015, are as follows:

	Korean won in thousands		Indian rupee in thousands	
Classification	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Advances from customers	₩ 3,359,440	₩ 2,572,498	Rs. 189,136	Rs. 144,832
Deposits received	613,895	733,742	34,562	41,310
Withholdings	29,323,090	25,549,289	1,650,891	1,438,424
	₩ 33,296,425	₩ 28,855,529	Rs. 1,874,589	Rs. 1,624,566

17. RETIREMENT BENEFIT OBLIGATION:

(1) Defined benefit plans and related liabilities arising from the Company's separate financial statements' configuration items as of December 31, 2016, and 2015, are as follows:

	Korean won in thousands		Indian rupee in thousands	
Classification	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Present value of defined benefit obligation	₩ 280,792,667	₩ 293,343,081	Rs. 15,808,627	Rs. 16,515,215
Fair value of plan assets	(1,183,467)	(1,337,356)	(66,629)	(75,293)
	₩ 279,609,200	₩ 292,005,725	Rs. 15,741,998	Rs. 16,439,922

(2) Changes in the Company's defined benefit obligation for the year ended December 31, 2016 and 2015, are as follows:

(Unit: Korean won in thousands)

	Year ended December 31, 2016		
	Present value of defined benefit obligations	Fair value of scheme Assets	Total
Beginning balance	₩ 293,343,081	₩ (1,337,356)	₩ 292,005,725
Net current service cost	40,843,479	–	40,843,479
Interest cost(income) on DBO	8,520,142	(38,774)	8,481,368
Subtotal	342,706,702	(1,376,130)	341,330,572
Remeasurements			
Asset (Gain)/Loss	–	22,825	22,825
DBO (Gain)/Loss due to Experience	(5,804,730)	–	(5,804,730)
DBO (Gain)/Loss due to Changes in Financial Assumptions	(34,853,925)	–	(34,853,925)
DBO (Gain)/Loss due to Changes in demographic Assumptions	242,840	–	242,840
Total remeasurements recognized in other comprehensive income	(40,415,815)	22,825	(40,392,990)
Payments:			
Benefit payment from plan assets	(169,838)	169,838	–
Benefit payment from the company	(21,328,382)	–	(21,328,382)
Ending balance	₩ 280,792,667	₩ (1,183,467)	₩ 279,609,200

	Year ended December 31, 2015		
	Present value of defined benefit obligations	Fair value of scheme assets	Total
Beginning balance	₩ 248,189,001	₩ (1,440,612)	₩ 246,748,389
Net current service cost	37,641,084	–	37,641,084
Interest cost(income) on DBO	8,400,978	(48,648)	8,352,330
Past service cost	–	–	–
Subtotal	294,231,063	(1,489,260)	292,741,803
Remeasurements:			
Asset (Gain)/Loss	–	29,230	29,230
DBO (Gain)/Loss due to Experience	8,334,817	–	8,334,817
DBO (Gain)/Loss due to Changes in Demographic Assumptions	4,103,602	–	4,103,602
DBO (Gain)/Loss due to Changes in Financial Assumptions	2,850,084	–	2,850,084
Total remeasurements recognized in other comprehensive income	15,288,503	29,230	15,317,733
Payments			
Benefit payment from plan assets	(122,674)	122,674	–
Benefit payment from Company	(16,053,811)	–	(16,053,811)
Replaced with accounts payable	–	–	–
Ending balance	₩ 293,343,081	₩ (1,337,356)	₩ 292,005,725

(Unit: Indian-Rupee in thousands):

	Year ended December 31, 2016		
	Present value of defined benefit obligations	Fair value of scheme assets	Total
Beginning balance	Rs. 16,515,215	Rs. (75,293)	Rs. 16,439,922
Net current service cost	2,299,488	–	2,299,488
Interest cost (income) on DBO	479,684	(2,183)	477,501
Subtotal	19,294,387	(77,476)	19,216,911
Remeasurements:			
Asset (Gain)/Loss	–	1,285	1,285
DBO (Gain)/Loss due to Experience	(326,806)	–	(326,806)
DBO (Gain)/Loss due to Changes in Financial Assumptions	(1,962,276)	–	(1,962,276)
DBO (Gain)/Loss due to Changes in Demographic Assumptions	13,672	–	13,672
Total remeasurements recognized in other comprehensive income	(2,275,410)	1,285	(2,274,125)
Payments:			
Benefit payment from plan assets	(9,562)	9,562	–
Benefit payment from the company	(1,200,788)	–	(1,200,788)
Ending balance	Rs. 15,808,627	Rs. (66,629)	Rs. 15,741,998

	Year ended December 31, 2015		
	Present value of defined benefit obligations	Fair value of scheme assets	Total
Beginning balance	Rs. 13,973,041	Rs. (81,106)	Rs. 13,891,935
Net current service cost	2,119,193	–	2,119,193
Interest cost (income) on DBO	472,975	(2,739)	470,236
Past service cost	–	–	–
Subtotal	16,565,209	(83,845)	16,481,364
Remeasurements:			
Asset (Gain)/Loss	–	1,645	1,645
DBO (Gain)/Loss due to Experience	469,250	–	469,250
DBO (Gain)/Loss due to Changes in Financial Assumptions	231,033	–	231,033
DBO (Gain)/Loss due to Changes in Demographic Assumptions	160,460	–	160,460
Total remeasurements recognized in other comprehensive income	860,743	1,645	862,388
Payments:			
Benefit payment from plan assets	(6,907)	6,907	–
Benefit payment from the company	(903,830)	–	(903,830)
Replaced with accounts payable	–	–	–
Ending balance	Rs. 16,515,215	Rs. (75,293)	Rs. 16,439,922

(3) Actuarial assumptions used as of December 31, 2016, and 2015, are as follows:

	December 31, 2016	December 31, 2015
Discount rate (%)	2.89	2.92
Expected rate of salary increase (%)	3.95	4.92

(4) As of December 31, 2016, if the significant actuarial assumption changes reasonably and acceptably while the others remain unchanged, the defined benefit obligation will be affected as follows:

	Korean won in thousands		Indian rupee in thousands	
Classification	Increase	Decrease	Increase	Decrease
Change 1% in Discount rate	₩ (32,679,458)	₩ 38,449,404	Rs. (1,839,853)	Rs. 2,164,701
Changes 1% in Expected rate of salary increase	₩ 36,473,348	₩ (31,605,713)	Rs. 2,053,449	Rs. (1,779,402)

As the actuarial assumptions are correlated and not changed independently, the sensitivity analysis does not indicate the actual change in the amounts of defined benefit obligation. The present value of defined benefit obligations on the sensitivity analysis is measured by the same method as the projected unit credit method used in calculating net defined benefit liability recognized in the separate statements of financial position.

18. CONTINGENCIES AND COMMITMENTS:

The following are the major commitments and contingent liabilities as of December 31, 2016.

(1) The Company carries product liability insurance for all products which it sells.

(2) As of December 31, 2016, the Company has been providing guarantees from Korea Development Bank, etc., amounting to USD 232 million (amount execution USD 162 million) related to import L/C.

(3) The following are the major loan arrangements with the financial institutions as of December 31, 2016.

(Unit: Korean won in thousands)

Financial institution	Classification	Limit	Exercise price
KDB	Operating purpose loans	₩ 30,000,000	₩ 30,000,000
Woori Bank	Operating purpose loans	₩ 15,000,000	₩ 15,000,000
Woori Bank	Operating purpose loans	₩ 22,500,000	₩ 22,500,000
JP Morgan	Limit purpose loans	₩ 50,000,000	₩ –
BNP Paribas	Limit purpose loans	₩ 50,000,000	₩ –
Deutsche Bank	Limit purpose loans	₩ 17,000,000	₩ –
BOA	Limit purpose loans	₩ 15,000,000	₩ –
Total		₩ 199,500,000	₩ 67,500,000

(Unit: Indian-Rupee in thousands)

Financial institution	Classification	Limit	Exercise price
KDB	Operating purpose loans	Rs. 1,689,000	Rs. 1,689,000
Woori Bank	Operating purpose loans	Rs. 844,500	Rs. 844,500
Woori Bank	Operating purpose loans	Rs. 1,266,750	Rs. 1,266,750
JP Morgan	Limit purpose loans	Rs. 2,815,000	Rs. –
BNP Paribas	Limit purpose loans	Rs. 2,815,000	Rs. –
Deutsche Bank	Limit purpose loans	Rs. 957,100	Rs. –
BOA	Limit purpose loans	Rs. 844,500	Rs. –
Total		Rs. 11,231,850	Rs. 3,800,250

(4) As of December 31, 2016, the Company has provided payment guarantee of USD 24,342,427 from Standard Chartered Bank Korea Limited in connection with advance refund guarantee and performance bond.

(5) Pending litigations

As of December 31, 2016, the Company has three pending litigations as a plaintiff with claims amounting to 2,435 million (Rs. 137 million) and 16 pending litigations as a defendant with claims amounting to ₩4,455 million (Rs. 251 million). The Company recognized other payables amounting to ₩6,479 million (Rs. 365 million) that are expected to be a probable loss and can be reasonably estimated as of December 31, 2016.

19. CAPITAL STOCK:

As of December 31, 2016, and 2015, the number of authorized shares is 3 billion. Details of capital stock are as follows:

(Unit: Korean won in thousands except for par value)

Classification	No. of shares authorized	Shares outstanding	Par value	Capital stock
December 31, 2016	3,000,000,000	137,220,096	₩ 5,000	₩ 686,100,480
December 31, 2015	3,000,000,000	137,220,096	₩ 5,000	₩ 686,100,480

(Unit: Rupee in thousands except for par value)

Classification	No. of shares authorized	Shares outstanding	Par value	Capital stock
December 31, 2016	3,000,000,000	137,220,096	₩ 282	₩ 38,627,457
December 31, 2015	3,000,000,000	137,220,096	₩ 282	₩ 38,627,457

20. OTHER CAPITAL SURPLUS AND RETAINED EARNINGS:

Details of other capital surplus and retained earnings as of December 31, 2016, and 2015, are as follows:

		December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
		(Korean won in thousands)		(Indian rupee in thousands)	
Other capital surplus	Paid-in capital in excess of par value	₩ 11,452,713	₩ 11,452,713	Rs. 644,788	Rs. 644,788
	Gain on capital reduction	118,189,001	118,189,001	6,654,041	6,654,041

	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	(Korean won in thousands)		(Indian rupee in thousands)	
Debt to be swapped for equity	931,508	931,508	52,444	52,444
Treasury stock	–	–	–	–
Gain on disposal of treasury stocks	1,105,138	1,105,138	62,219	62,219
	₩ 131,678,359	₩ 131,678,359	Rs. 7,413,492	Rs. 7,413,492

21. OTHER CAPITAL ADJUSTMENTS:

(1) Detail of the Company's other capital adjustments as of December 31, 2016, and 2015, are as follows:

(Unit: Korean won in thousands)

Classification		December 31, 2016	December 31, 2015
Other capital adjustments	Gains (losses) on valuation of derivatives	₩ (2,574,700)	₩ 227,340

(Unit: Indian Rupee in thousands)

Classification		December 31, 2016	December 31, 2015
Other capital adjustments	Gains (losses) on valuation of derivatives	Rs. (144,956)	Rs. 12,799

(2) Changes in the Company's gains (losses) on valuation of derivatives as for the year ended December 31, 2016 and 2015 are as follows:

	Korean won in thousands		Indian Rupee in thousands	
	Year ended December 31, 2016	Year ended December 31, 2015	Year ended December 31, 2016	Year ended December 31, 2015
Beginning balance	₩ 227,340	₩ (14,167,300)	Rs. 12,799	Rs. (797,619)
Gains (losses) on valuation of derivatives	(2,574,700)	227,340	(144,956)	12,799
Reclassified to net income	(227,340)	14,167,300	(12,799)	797,619
Ending balance	₩ (2,574,700)	₩ 227,340	Rs. (144,956)	Rs. 12,799

22. RETAINED EARNINGS (DEFICIT):

(1) Details of deficit as of December 31, 2016, and 2015, are as follows:

(Unit: Korean won in Thousands)

	December 31, 2016	December 31, 2015
Retained earnings (deficit)	₩ 4,965,821	₩ (92,196,977)

(Unit: Indian Rupee in thousands)

	December 31, 2016	December 31, 2015
Retained earnings (deficit)	Rs. 279,575	Rs. (5,190,690)

(2) Changes in retained earnings(deficit) for the year ended as of 31 December, 2016, and 2015, are as follows:

(Unit: Korean won in thousands)

	December 31, 2016	December 31, 2015
Beginning balance	₩ (92,196,978)	₩ (18,220,064)
Net profit (loss)	56,769,808	(58,659,180)
Actuarial profit (loss)	40,392,991	(15,317,733)
Ending balance	₩ 4,965,821	₩ (92,196,977)

(Unit: Indian rupee in thousands)

	December 31, 2016	December 31, 2015
Beginning balance	Rs. (5,190,690)	Rs. (1,025,790)
Net profit (loss)	3,196,139	(3,302,512)
Actuarial profit (loss)	2,274,126	(862,388)
Ending balance	Rs. 279,575	Rs. (5,190,690)

23. SEPARATE STATEMENTS OF DISPOSITION OF RETAINED EARNINGS (DEFICIT):

Details of the Company's separate statements of disposition of retained earnings (deficit) for the years ended December 31, 2016 and 2015, are as follows:

SSANGYONG MOTOR COMPANY
STATEMENT OF DISPOSITION OF DEFICIT FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

Expected disposition date: 2017.03.31
Disposal fixed date: 2016.03.23

(Unit: Korean won)

Accounts	Year ended December 31, 2016	Year ended December 31, 2015
Unappropriated retained earnings (deficit)	₩ 4,965,820,653	₩ (92,196,977,649)
Undisposed retained earnings (deficit) carried over from prior year	(92,196,977,649)	(18,220,064,486)
Current net income (loss)	56,769,807,819	(58,659,179,889)
Actuarial income (loss)	40,392,990,483	(15,317,733,274)
Appropriation earnings (deficit)	–	–
Unappropriated earnings (deficit) to be carried forward to subsequent year	₩ 4,965,820,653	₩ (92,196,977,649)

(Unit: Indian rupee)

Accounts	Year ended December 31, 2016	Year ended December 31, 2015
Unappropriated retained earnings (deficit)	Rs. 279,575,702	Rs. (5,190,689,842)
Undisposed retained earnings (deficit) carried over from prior year	(5,190,689,842)	(1,025,789,631)
Current net income (loss)	3,196,140,180	(3,302,511,828)
Actuarial income (loss)	2,274,125,364	(862,388,383)
Appropriation earnings (deficit)	–	–
Unappropriated earnings (deficit) to be carried forward to subsequent year	Rs. 279,575,702	Rs. (5,190,689,842)

24. INCOME TAX:

(1) Composition of income tax expense for the years ended December 31, 2016 and 2015 are as follows:

	Korean won in thousands		Indian rupee in thousands	
	Year ended December 31, 2016	Year ended December 31, 2015	**Year ended December 31, 2016**	Year ended December 31, 2015
Current income tax payable	₩ –	₩ –	Rs. –	Rs. –
Income tax expense directly reflected to shareholders' equity	–	–	–	–
Income tax expense	₩ –	₩ –	Rs. –	Rs. –

(2) Changes in temporary differences and deferred income tax assets

The changes in temporary differences and deferred income tax assets for the years ended December 31, 2016 and 2015, are as follows (Unit: Korean won in thousands):

	Year ended December 31, 2016			
Description	Beginning balance	Decrease	Increase	Ending balance
Temporary differences				
Government subsidies	₩ 2,731,892	₩ 2,263,431	₩ 2,557,043	₩ 3,025,504
Provision for product warranties	143,793,978	143,793,979	145,848,984	145,848,983
Accrued severance indemnities	284,249,024	10,572,282	8,660,684	282,337,426
Loss on revaluation of property, plant and equipment	108,779,594	9,442,781	-	99,336,813
Development cost	27,324,177	27,099,587	6,692	231,282
Depreciation	16,394,313	5,598,188	732,152	11,528,277
Other payables	39,537,402	39,537,402	26,297,688	26,297,688
Accrued expenses	32,207,735	32,207,735	34,274,171	34,274,171
Investment in subsidiaries	4,184,519	–	–	4,184,519
Gain (loss) on valuation of derivatives	(1,683,621)	(1,683,621)	5,042,771	5,042,771
Other long-term employee benefit	16,282,599	16,282,600	16,688,602	16,688,601
Land	260,713,528)	–	–	(260,713,528)
Others	1,795,498	873,040	(35,061)	887,397
Deficit carried over	1,175,500,028	61,509,426	–	1,113,990,602
Total	1,590,383,610			1,482,960,506
Not recognized as deferred tax assets	1,590,383,610			1,482,960,506
Recognized as deferred tax assets	–			–
Statutory tax rate	22%			22%
Deferred tax assets resulting from temporary differences	–			–
Tax credit carry forwards	9,235,834	6,012,782	–	3,223,052
Not recognized as deferred tax assets	9,235,834	6,012,782	–	3,223,052
Recognized as deferred tax assets	–			–
Deferred tax assets resulting from tax credit carryforwards	–	–		–
Total deferred income tax	₩ –			₩ –

The Company did not recognize deferred income tax assets related to the temporary differences, deficit carried forward and tax credit carried forward as it could not estimate the income tax effect resulting from future taxable income.

	Year ended December 31, 2015			
Description	Beginning balance	Decrease	Increase	Ending balance
Temporary differences				
Government subsidies	₩ 3,564,826	₩ 4,638,187	₩ 3,805,253	₩ 2,731,892
Provision for product warranties	137,866,039	137,866,039	143,793,978	143,793,978
Accrued severance indemnities	247,625,171	15,151,272	51,775,125	284,249,024
Loss on revaluation of property, plant and equipment	128,280,968	19,506,600	5,226	108,779,594
Development cost	45,150,056	17,827,324	1,445	27,324,177
Depreciation	16,273,804	2,811,316	2,931,825	16,394,313
Other payables	50,366,223	50,366,223	39,537,402	39,537,402
Accrued expenses	29,561,974	29,561,974	32,207,735	32,207,735
Investment in subsidiaries	4,184,519	–	–	4,184,519
Gain (loss) on valuation of derivatives	13,741,600	13,741,600	(1,683,621)	(1,683,621)
Other long-term employee benefit	15,619,578	15,619,578	16,282,599	16,282,599
Land	(260,713,528)	–	–	(260,713,528)
Others	836,817	284,279	1,242,960	1,795,498
Deficit carried over	1,104,944,088	–	70,555,940	1,175,500,028
Total	1,537,302,135			1,590,383,610
Not recognized as deferred tax assets	1,537,302,135			1,590,383,610
Recognized as deferred tax assets	–			–
Statutory tax rate	22%			22%
Deferred tax assets resulting from temporary differences	–			–
Tax credit carryforwards	11,751,644	2,515,810	–	9,235,834

				Year ended December 31, 2015
Description	Beginning balance	Decrease	Increase	Ending balance
Not recognized as deferred tax assets	11,751,644	2,515,810	–	9,235,834
Recognized as deferred tax assets	–			–
Deferred tax assets resulting from tax credit carryforwards	–			–
Total deferred income tax	₩ –			₩ –

(Unit: Indian rupee in thousands)

				Year ended December 31, 2016
Description	Beginning balance	Decrease	Increase	Ending balance
Temporary differences				
Government subsidies	Rs. 153,806	Rs. 127,432	Rs. 143,962	Rs. 170,336
Provision for product warranties	8,095,601	8,095,601	8,211,298	8,211,298
Accrued severance indemnities	16,003,220	595,220	487,597	15,895,597
Loss on revaluation of property, plant and equipment	6,124,291	531,628	-	5,592,663
Development cost	1,538,351	1,525,707	377	13,021
Depreciation	923,000	315,178	41,220	649,042
Other payables	2,225,956	2,225,956	1,480,560	1,480,560
Accrued expenses	1,813,295	1,813,295	1,929,636	1,929,636
Investment in subsidiaries	235,588	–	–	235,588
Gain (loss) on valuation of derivatives	(94,788)	(94,788)	283,908	283,908
Other long-term employee benefit	916,710	916,710	939,568	939,568
Land	14,678,172)	–	–	(14,678,172)
Others	101,087	49,153	(1,974)	49,960
Deficit carried over	66,180,652	3,462,981	–	62,717,671
Total	89,538,597			83,490,676
Not recognized as deferred tax assets	89,538,597			83,490,676
Recognized as deferred tax assets	–			–
Statutory tax rate	22%			22%
Deferred tax assets resulting from temporary differences	–			–
Tax credit carryforwards	519,977	338,520	–	181,458
Not recognized as deferred tax assets	519,977	338,520	–	181,458
Recognized as deferred tax assets	–			–
Deferred tax assets resulting from tax credit carryforwards	–			–
Total deferred income tax	Rs. –			Rs. –

				Year ended December 31, 2015
Description	Beginning balance	Decrease	Increase	Ending balance
Temporary differences				
Government subsidies	Rs. 200,700	Rs. 261,130	Rs. 214,236	Rs. 153,806
Provision for product warranties	7,761,858	7,761,858	8,095,601	8,095,601
Accrued severance indemnities	13,941,297	853,017	2,914,940	16,003,220
Loss on revaluation of property, plant and equipment	7,222,218	1,098,221	294	6,124,291
Development cost	2,541,948	1,003,678	81	1,538,351
Depreciation	916,215	158,277	165,062	923,000
Other payables	2,835,618	2,835,618	2,225,956	2,225,956
Accrued expenses	1,664,339	1,664,339	1,813,295	1,813,295
Investments in subsidiaries	235,588	–	–	235,588
Gain (loss) on foreign currency translation				
Gain (loss) on valuation of derivatives	773,652	773,652	(94,788)	(94,788)
Other long-term employee benefit	879,382	879,382	916,710	916,710
Land	(14,678,172)	–	–	(14,678,172)
Others	47,113	16,005	69,979	101,087
Deficit carried over	62,208,352	–	3,972,300	66,180,652
Total	86,550,108			89,538,597
Not recognized as deferred tax assets	86,550,108			89,538,597
Recognized as deferred tax assets	–			–
Statutory tax rate	22%			22%
Deferred tax assets resulting from temporary differences				–
Tax credit carryforwards	661,618	141,640	–	519,977
Not recognized as deferred tax assets	661,618	141,640	–	519,977
Recognized as deferred tax assets	–			–
Deferred tax assets resulting from tax credit carryforwards	–			–
Total deferred income tax	Rs. –			Rs. –

25. EXPENSES BY CATEGORY:

Details of expenses classified by category for the years ended December 31, 2016 and 2015, are as follows:

	Korean won in thousands		Indian rupee in thousands	
	Year ended December 31, 2016	Year ended December 31, 2015	**Year ended December 31, 2016**	Year ended December 31, 2015
Changes in inventories	₩ **12,062,765**	₩ 1,512,535	Rs. **679,134**	Rs. 85,156
Raw materials and merchandise goods used	**2,430,416,134**	2,299,372,955	**136,832,428**	129,454,697
Employee	**526,882,450**	481,595,523	**29,663,483**	27,113,828
Depreciation	**118,773,648**	117,960,816	**6,686,956**	6,641,194
Amortization	**37,074,271**	32,479,932	**2,087,281**	1,828,620
Other	**470,616,515**	485,826,761	**26,495,710**	27,352,047
Total (*)	₩ **3,595,825,783**	₩ 3,418,748,522	Rs. **202,444,992**	Rs. 192,475,542

(*) It is sum of cost of sales and selling and administrative expenses.

26. DERIVATIVE FINANCIAL INSTRUMENTS:

The Company has a derivative contract with financial institutions, such as SC Bank, to minimize the risks of exchange rate fluctuation by fitting the amount and period of expected foreign currency transactions (hedged items). Loss on valuation of derivatives for ₩2,574,700 thousand (Rs. 144,956 thousand) applied to cash flow risk aversion accounting treatment is recognized as other capital components, and loss on valuation of derivatives for ₩80,701 thousand (Rs. 4,543 thousand), which is an inefficient part, is recognized as current income for the year ended December 31, 2016. Loss on valuation of derivatives for ₩2,387,370 thousand (Rs. 134,409 thousand) applied to financial asset at FVTPL is recognized as current income for the year ended December 31, 2016.

27. SELLING AND ADMINISTRATIVE EXPENSES:

(1) Selling expenses for the years ended December 31, 2016 and 2015, are as follows:

	Korean won in thousands		Indian rupee in thousands	
	2016	2015	**2016**	2015
Warranty expenses	₩ **70,110,525**	₩ 76,173,469	Rs. **3,947,223**	Rs. 4,288,566
Sales commissions	**221,325,357**	205,359,570	**12,460,618**	11,561,744
Advertising expenses	**18,239,964**	17,723,231	**1,026,910**	997,818
Export expenses	**40,766,448**	44,323,023	**2,295,151**	2,495,386
Others	**34,396,663**	36,281,517	**1,936,532**	2,042,649
	₩ **384,838,957**	₩ 379,860,810	Rs. **21,666,434**	Rs. 21,386,163

(2) Administrative expenses for the years ended December 31, 2016 and 2015, are as follows:

	Korean won in thousands		Indian rupee in thousands	
	2016	2015	2016	2015
Salaries	₩ **51,639,556**	₩ 49,055,088	Rs. **2,907,307**	Rs. 2,761,801
Postemployment benefits	**7,689,824**	7,649,820	**432,937**	430,685
Employee benefits	**12,680,033**	11,241,331	**713,886**	632,887
Rent expense	**10,280,359**	11,367,918	**578,784**	640,014
Service fees	**28,000,497**	27,122,623	**1,576,428**	1,527,004
Depreciation	**11,328,016**	11,548,569	**637,767**	650,184
R&D expenses	**15,535,921**	15,830,768	**874,672**	891,272
Amortization	**6,343,525**	7,181,333	**357,140**	404,309
Bad debt expense	**48,747**	(42,707)	**2,744**	(2,404)
Other administrative expenses	**31,568,488**	29,595,232	**1,777,307**	1,666,212
	₩ **175,114,966**	₩ 170,549,975	Rs. **9,858,972**	Rs. 9,601,964

28. NON-OPERATING INCOME (EXPENSES):

(1) Details of the Company's non-operating income for the years ended December 31, 2016 and 2015, are as follows:

	Korean won in thousands		Indian rupee in thousands	
	2016	2015	**2016**	2015
Gain on foreign currency transactions	₩ **15,020,958**	₩ 11,851,649	Rs. **845,680**	Rs. 667,248
Gain on foreign currency translation	**964,567**	631,365	**54,305**	35,546
Gain on disposal of property, plant and equipment	**1,241,347**	697,191	**69,888**	39,252
Others	**40,579,621**	18,649,783	**2,284,633**	1,049,982
	₩ 57,806,493	₩ 31,829,988	Rs. **3,254,506**	Rs. 1,792,028

(2) Details of the Company's non-operating expense for the years ended December 31, 2016 and 2015, are as follows:

	Korean won in thousands		Indian rupee in thousands	
	2016	2015	**2016**	2015
Loss on foreign currency transactions	₩ **13,534,228**	₩ 11,297,206	Rs. **761,977**	Rs. 636,033
Loss on foreign currency translation	**796,917**	241,518	**44,866**	13,597
Loss on disposal of property, plant and equipment	**121,335**	173,845	**6,831**	9,787
Loss on disposal of trade receivables	**17,212,495**	11,769,712	**969,063**	662,635
Others	**6,904,119**	6,342,376	**388,703**	357,076
	₩ **38,569,094**	₩ 29,824,657	Rs. **2,171,440**	Rs. 1,679,128

29. FINANCIAL INCOME AND COST:

(1) Details of the Company's financial income for the years ended December 31, 2016 and 2015, are as follows:

	Korean won in thousands		Indian rupee in thousands	
	2016	2015	2016	2015
Interest income	₩ **2,550,914**	₩ 3,225,111	Rs. **143,616**	Rs. 181,574
Dividend income	**11,000**	480,229	**619**	27,037
Gain on foreign currency transactions	**9,341,735**	9,329,055	**525,939**	525,227
Gain on foreign currency translation	**3,524,018**	788,879	**198,403**	44,412
Gain on disposal of derivatives	**12,339,373**	2,427,103	**694,707**	136,646
Gain on valuation of derivatives	**477,267**	1,480,355	**26,870**	83,344
	₩ **28,244,307**	₩ 17,730,732	Rs. **1,590,154**	Rs. 998,240

(2) Details of the Company's financial cost for the years ended December 31, 2016 and 2015, are as follows:

	Korean won in thousands		Indian rupee in thousands	
	2016	2015	**2016**	2015
Interest expense	₩ **794,387**	₩ 1,308,344	Rs. **44,724**	Rs. 73,660
Loss on foreign currency translation	**11,435,400**	11,643,652	**643,813**	655,538
Loss on foreign currency translation	**736,804**	1,810,370	**41,483**	101,923
Loss on disposal of AFS financial assets	**–**	10,089	**–**	568
Loss on disposal of derivatives	**5,314,653**	30,405,790	**299,215**	1,711,846
Loss on valuation of derivatives	**2,945,337**	24,074	**165,822**	1,355
	₩ **21,226,581**	₩ 45,202,319	Rs. **1,195,057**	Rs. 2,544,890

(3) Details of the Company's financial net profit for the years ended December 31, 2016 and 2015, are as follows:

	Korean won in thousands		Indian rupee in thousands	
	2016	2015	**2016**	2015
Loan and receivables	₩ **2,450,076**	₩ (1,419,321)	Rs. **137,939**	Rs. (79,908)
AFS financial assets	**11,000**	470,140	**619**	26,469
Other financial liabilities	**4,556,650**	(26,522,406)	**256,539**	(1,493,211)
	₩ **7,017,726**	₩ (27,471,587)	Rs. **395,097**	Rs. (1,546,650)

30. EARNING (LOSS) PER SHARE:

(1) Basic earning (loss) per share for the years ended December 31, 2016 and 2015, is calculated as follows:
(Unit: Korean won in thousands, except for earnings per share)

	Korean won in thousands		Indian rupee in thousands	
	2016	2015	**2016**	2015
Net income(loss)	₩ **56,769,808**	₩ (58,659,180)	Rs. **3,196,139**	Rs. (3,302,512)
Income (loss) contributed to common stocks	**56,769,808**	(58,659,180)	**3,196,139**	(3,302,512)
Number of common stocks outstanding	**137,220,096**	137,182,087	**137,220,096**	137,182,087
Basic and diluted earning (loss) per share (*)	₩ **414**	₩ (428)	Rs. **23**	Rs. (24)

(*) Basic and diluted earnings (loss) per share for the years ended December 31, 2016 and 2015, are identical as there are no dilutive potential common shares.

(2) The number of shares outstanding for the years ended December 31, 2016 and 2015, is calculated as follows:

December 31, 2016

	Time interval		Outstanding	Accumulated outstanding	Weighted average impact	Outstanding
Common stock	2016-01-01	2016-12-31	137,220,096	137,220,096	366/366	137,220,096
Total						137,220,096

December 31, 2015

	Time interval		Outstanding	Accumulated outstanding	Weighted average impact	Outstanding
Common stock	2015-01-01	2015-12-31	137,220,096	137,220,096	365/365	137,220,096
Treasury stock	2015-01-01	2015-02-22	(237,964)	(237,964)	53/365	(34,554)
	2015-02-23	2015-02-23	(221,997)	(221,997)	1/365	(608)
	2015-02-24	2015-02-24	(191,997)	(191,997)	1/365	(526)
	2015-02-25	2015-02-25	(161,997)	(161,997)	1/365	(444)
	2015-02-26	2015-02-26	(121,997)	(121,997)	1/365	(334)
	2015-02-27	2015-03-01	(71,997)	(71,997)	3/365	(592)
	2015-03-02	2015-03-17	(21,706)	(21,706)	16/365	(951)
Total						137,182,087

31. CASH FLOWS FROM OPERATING ACTIVITIES:

(1) Details of cash flows from operating activities for the years ended December 31, 2016 and 2015, are as follows:

	Korean won in thousands		Indian rupee in thousands	
	2016	2015	**2016**	2015
1. Net Income (loss)	₩ **56,769,808**	₩ (58,659,180)	Rs. **3,196,139**	Rs. (3,302,512)
2. Adjustments	**225,017,704**	216,863,010	**12,668,497**	12,209,387
Post employment benefits	**49,324,847**	45,993,414	**2,776,989**	2,589,429
Depreciation	**118,760,787**	117,941,736	**6,686,232**	6,640,120

	Korean won in thousands				Indian rupee in thousands			
		2016		2015		**2016**		2015
Amortization		**37,074,271**		32,479,932		**2,087,281**		1,828,620
Loss on disposal of trade receivables		**17,212,495**		11,769,712		**969,063**		662,635
Gain/loss on foreign currency translation		**(2,954,865)**		631,644		**(166,359)**		35,562
Gain/loss on disposal of property, plant and equipment		**(1,120,012)**		(523,346)		**(63,057)**		(29,465)
Interest income/expense		**(1,756,527)**		(1,916,767)		**(98,892)**		(107,914)
Gain on dividends		**(11,000)**		(480,229)		**(619)**		(27,037)
Loss on valuation of inventories		**5,967,918**		12,559,291		**335,994**		707,088
Others		**2,519,790**		(1,592,377)		**141,865**		(89,651)
3. Changes in working capital		**(35,185,714)**		45,827,442		**(1,980,956)**		2,580,085
Increase in trade receivables, net		**(83,438,131)**		(5,553,031)		**(4,697,567)**		(312,636)
Decrease (increase) in non-trade receivables, net		**(852,934)**		11,927,192		**(48,020)**		671,501
Decrease in inventories		**37,430,245**		1,331,880		**2,107,323**		74,985
Decrease (increase) in other assets		**4,493,201**		(59,452)		**252,967**		(3,347)
Increase in trade payables		**49,527,501**		65,298,440		**2,788,398**		3,676,302
Decrease in other payables		**(22,819,320)**		(31,163,394)		**(1,284,728)**		(1,754,499)
Increase in accrued charges		**2,066,435**		2,645,761		**116,340**		148,956
Increase in provision of product warranties		**2,055,006**		5,927,939		**115,697**		333,743
Payment of severance indemnities		**(21,328,382)**		(16,053,811)		**(1,200,788)**		(903,830)
Increase (decrease) in other liabilities		**(2,319,335)**		11,525,918		**(130,578)**		648,910
Net cash (used in) provided by operating activities	₩	**246,601,798**	₩	204,031,272	Rs.	**13,883,680**	Rs.	11,486,960

32. SEGMENT INFORMATION:

(1) The Company determined itself as a single reportable segment in light of nature of goods or service creating operating income and trait of assets providing service. Therefore, writing disclosure according to reportable segment's operating income, income before income tax and its assets and liabilities is omitted.

(2) Information of each sales region for the years ended December 31, 2016 and 2015, is as follows:

(Unit: Korean won and Indian rupee in thousands)

Sales region	December 31, 2016			
Republic of Korea	₩	2,553,029,090	Rs.	143,735,538
Europe		554,661,696		31,227,453
Asia Pacific		286,887,952		16,151,792
Others		231,761,729		13,048,185
	₩	3,626,340,467	Rs.	204,162,968

Sales region	December 31, 2015			
Republic of Korea	₩	2,500,492,302	Rs.	140,777,717
Europe		459,834,288		25,888,670
Asia Pacific		162,431,746		9,144,907
Others		262,797,262		14,795,486
	₩	3,385,555,598	Rs.	190,606,780

Non-current assets are not separately disclosed as all are located in Korea, and main customer information is not disclosed as most of the Company sales are generated through contracting with individuals and foreign authorized agencies.

(3) Information of each sales product and service for the years ended December 31, 2016 and 2015, is as follows:

(Unit: Korean won and Indian rupee in thousands):

Sales	December 31, 2016			
Automobile	₩	3,206,664,894	Rs.	180,535,234
Products		345,292,355		19,439,958
Others		74,383,218		4,187,776
	₩	3,626,340,467	Rs.	204,162,968

Sales	December 31, 2015			
Automobile	₩	3,014,054,040	Rs.	169,691,242
Products		347,665,543		19,573,570
Others		23,836,015		1,341,968
	₩	3,385,555,598	Rs.	190,606,780

33. RELATED-PARTY TRANSACTIONS:

(1) Details of related parties as of December 31, 2016, are as follows:

	Related parties
Controlling company	Mahindra & Mahindra Ltd.
Subsidiary companies	Ssangyong Motor (Shanghai) Co., Ltd.
	Ssangyong European Parts Center B.V.
Joint venture company	SY Auto Capital Co., Ltd.
Other affiliate companies	Mahindra Vehicle Manufacturing Ltd.
	Mahindra & Mahindra South Africa Ltd.

(2) Major transactions with related parties for the years ended December 31, 2016 and 2015, are as follows

(Unit: Korean won in thousands)

Related party	Company	Description		**Year ended December 31, 2016**		Year ended December 31,2015
Transactions with controlling company	Mahindra & Mahindra Ltd.	Sales	₩	**49,184,486**	₩	2,014,865
		Other income		**308,320**		58,513
		Purchases		**697,879**		1,793,813
		Other expenses		**1,973,780**		151,410
Transactions with subsidiaries	Ssangyong Motor (Shanghai) Co., Ltd. and one other	Sales	₩	**14,755,334**	₩	11,536,315
		Other income		**–**		469,229
		Other expenses		**137**		792
Transactions with joint venture	SY Auto Capital Co., Ltd.	Other expenses	₩	**16,376,188**	₩	–
Transaction with other affiliates	Mahindra Vehicle Manufacturing Ltd. and one other	Sales	₩	**288,975**	₩	5,790,253
		Other income		**26,442**		9,937
		Other expenses		**85,809**		234,044

(Unit: Indian rupee in thousands)

Related party	Company	Description		**Year ended December 31, 2016**		Year ended December 31,2015
Transactions with controlling company	Mahindra & Mahindra Ltd.	Sales	Rs.	**2,769,087**	Rs.	113,437
		Other income		**17,358**		3,294
		Purchases		**39,291**		100,992
		Other expenses		**111,124**		8,524
Transactions with subsidiaries	Ssangyong Motor (Shanghai) Co., Ltd. and one other	Sales	Rs.	**830,725**	Rs.	649,495
		Other income		**–**		26,418
		Other expenses		**8**		45
Transactions with joint venture	SY Auto Capital Co., Ltd.	Other expenses		**921,979**		–
Transaction with other affiliates	Mahindra Vehicle Manufacturing Ltd. and one other	Sales	Rs.	**16,269**	Rs.	325,991
		Other income		**1,489**		559
		Other expenses		**4,831**		13,177

The bad debt expense recognized for the years ended December 31, 2016 and 2015, does not exist.

(3) Outstanding receivables and payables from transactions with related parties as of December 31, 2016 and 2015, are as follows:

(Unit: Korean won in thousands)

		December 31, 2016		December 31, 2015
Receivables from and payables to controlling company:				
Trade receivables	₩	**2,693,260**	₩	89,823
Non-trade receivables		**60,430**		54,959
Trade payables		**–**		207,149
Non-trade payables		**1,781,004**		2,808
Receivables from and payables to subsidiaries:				
Trade receivables	₩	**15,079,280**	₩	12,200,938
Non-trade receivables		**454,765**		468,466
Non-trade payables		**450,982**		511,041
Receivables from and payables to Joint venture:				
Non-trade receivables	₩	**–**	₩	96,000
Non-trade payables		**91,887**		–
Receivables from and payables to affiliates:	₩		₩	
Trade receivables		**15,977**		20,769
Non-trade receivables		**–**		–
Non-trade payables		**36,773**		89,314

(Unit: Indian-Rupee in thousands)

		December 31, 2016		December 31, 2015
Receivables from and payables to controlling company:				
Trade receivables	Rs.	**151,631**	Rs.	5,057
Non-trade receivables		**3,402**		3,094
Trade payables		**–**		11,662
Non-trade payables		**100,271**		158
Receivables from and payables to subsidiaries:				
Trade receivables	Rs.	**848,963**	Rs.	686,913
Non-trade receivables		**25,603**		26,375
Non-trade payables		**25,390**		28,772
Receivables from and payables to Joint venture:				
Non-trade receivables	Rs.	**–**	Rs.	5,405
Non-trade payables		**5,173**		–
Receivables from and payables to affiliates:	Rs.		Rs.	
Trade receivables		**900**		1,169
Non-trade receivables		**–**		–
Non-trade payables		**2,070**		5,028

The Company did not recognize allowance for the above-mentioned receivables, and no bad debt expense was recognized for the year ended December 31, 2016.

(4) The Company did not have loan and borrowing transactions with related parties for the years ended December 31, 2016 and 2015.

(5) Stock trading with the related parties for the years ended December 31, 2016 and 2015, is as follows:

(Unit: Korean won in thousands)

	Company	Description		Year ended December 31,2016		Year ended December 31,2015
Joint venture company	SY Auto Capital Co., Ltd.	Paid-in capital increase	₩	–	₩	10,200,000

(Unit: Indian rupee in thousands)

	Company	Description		Year ended December 31,2016		Year ended December 31,2015
Joint venture company	SY Auto Capital Co., Ltd.	Paid-in capital increase	Rs.	–	Rs.	574,260

(6) Details of compensation for key executives for the years ended December 31, 2016 and 2015, are as follows:

	Korean won in thousands				Indian rupee in thousands			
		2016		2015		**2016**		2015
Short-term employee benefits	₩	**579,790**	₩	688,877	Rs.	**32,642**	Rs.	38,784
Postemployment benefits		**23,588**		28,507		**1,328**		1,605

34. FINANCIAL INSTRUMENTS:

(1) Capital risk management

The Company manages capital risk in order to maximize shareholders' profit by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio, on a monthly basis and implements capital structure improvement plan when necessary. There is no change in the overall capital risk management strategy of the Company compared to last year.

The Company uses debt ratio as a capital management index, and calculates the ratio as total liabilities divided by total equity. Total liabilities and total equity are based on the amounts stated in the separate financial statements.

The Company is not subject to externally enforced capital regulation.

Debt-to-equity ratio as of December 31, 2015 and 2014, is as follows:

(Unit: Korean won in thousands)

		December 31, 2016		December 31, 2015
Debt (A)	₩	**1,350,614,215**	₩	1,321,781,280
Equity (B)		**820,169,960**		725,809,202
Debt ratio (A/B)		**164.67%**		182.11%

(Unit: Indian rupee in thousands)

		December 31, 2016		December 31, 2015
Debt (A)	Rs.	**76,039,580**	Rs.	74,416,286
Equity (B)		**46,175,568**		40,863,058
Debt ratio (A/B)		**164.67%**		182.11%

(2) The significant accounting policies adopted by classifications, such as financial assets, financial liabilities and equities are disclosed in Note 2.

(3) Details of financial assets and liabilities by category as of December 31, 2016 and 2015, are as follows:

1) Financial assets

(Unit: Korean won in thousands)

	December 31, 2016										
Financial asset		Loans and Receivables		AFS financial assets		Financial assets at FVTPL		Designated to hedge item		Total	Fair value
Cash and cash equivalents	₩	234,657,416	₩	–	₩	–	₩	–	₩	234,657,416	₩ 234,657,416
Long-term financial instruments		6,000		–		–		–		6,000	6,000
Trade receivables and other receivables		277,769,129		–		–		–		277,769,129	277,769,129

	December 31, 2016					
Financial asset	Loans and Receivables	AFS financial assets	Financial assets at FVTPL	Designated to hedge item	Total	Fair value
Long-term AFS financial assets	–	560,000	–	–	560,000	560,000
Derivative assets	–	–	445,691	310,344	756,035	756,035
	₩ 512,432,545	₩ 560,000	₩ 445,691	₩ 310,344	₩ 513,748,580	₩ 513,748,580

	December 31, 2015					
Financial asset	Loans and receivables	AFS financial assets	Financial assets at FVTPL	Designated to hedge item	Total	Fair value
Cash and cash equivalents	₩ 192,773,290	₩ –	₩ –	₩ –	₩ 192,773,290	₩ 192,773,290
Long-term financial instruments	6,000	–	–	–	6,000	6,000
Trade receivables and other receivables	211,266,473	–	–	–	211,266,473	211,266,473
Long-term AFS financial assets	–	560,000	–	–	560,000	560,000
Derivative assets	–	–	1,429,088	278,607	1,707,695	1,707,695
	₩ 404,045,763	₩ 560,000	₩ 1,429,088	₩ 278,607	₩ 406,313,458	₩ 406,313,458

(Unit: Indian rupee in thousands)

	December 31, 2016					
Financial asset	Loans and Receivables	AFS financial assets	Financial assets at FVTPL	Designated to hedge item	Total	Fair value
Cash and cash equivalents	Rs. 13,211,213	Rs. –	Rs. –	Rs. –	Rs. 13,211,213	Rs. 13,211,213
Long-term financial instruments	338	–	–	–	338	338
Trade receivables and other receivables	15,638,402	–	–	–	15,638,402	15,638,402
Long-term AFS financial assets	–	31,528	–	–	31,528	31,528
Derivative assets	. –	. –	. 25,093	. 17,472	. 42,565	. 42,565
	Rs. 28,849,953	Rs. 31,528	Rs. 25,093	Rs. 17,472	Rs. 28,924,046	Rs. 28,924,046

	December 31, 2015					
Financial asset	Loans and Receivables	AFS financial assets	Financial assets at FVTPL	Designated to hedge item	Total	Fair value
Cash and cash equivalents	Rs. 10,853,136	Rs. –	Rs. –	Rs. –	Rs. 10,853,136	Rs. 10,853,136
Long-term financial instruments	338	–	–	–	338	338
Trade receivables and other receivables	11,894,303	–	–	–	11,894,303	11,894,303
Long-term AFS financial assets	–	31,528	–	–	31,528	31,528
Derivative assets	. –	. –	. 80,457	. 15,686	. 96,143	. 96,143
	Rs. 22,747,777	Rs. 31,528	Rs. 80,457	Rs. 15,686	Rs. 22,875,448	Rs. 22,875,448

2) Financial liabilities

(Unit: Korean won in thousands)

	December 31, 2016				
Financial liabilities	Financial liability measured at amortized cost	Financial liabilities at FVTPL	Designated to hedge item	Total	Fair value
Trade payables and other payables	₩ 674,904,477	₩ –	₩ –	₩ 674,904,477	₩ 674,904,477
Debt	194,467,721	–	–	194,467,721	194,467,721
Derivative liabilities	–	2,833,061	2,965,745	5,798,806	5,798,806
	₩ 869,372,198	₩ 2,833,061	₩2,965,745	₩ 875,171,004	₩ 875,171,004

	December 31, 2015			
Financial liabilities	Financial liability measured at amortized cost	Financial liabilities at FVTPL	Total	Fair value
Trade payables and other payables	₩ 650,094,828	₩ –	₩ 650,094,828	₩ 650,094,828
Debt	190,724,546	–	190,724,546	190,724,546
Derivative liabilities	–	24,074	24,074	24,074
	₩ 840,819,374	₩ 24,074	₩ 840,843,448	₩ 840,843,448

(Unit: Indian rupee in thousands)

		December 31, 2016								
Financial liabilities		Financial liability measured at amortized cost		Financial liabilities at FVTPL		Designated to hedge item		Total		Fair value
Trade payables and other payables	Rs.	37,997,122	Rs.	–	Rs.	–	Rs.	37,997,122	Rs.	37,997,122
Debt		10,948,533		–		–		10,948,533		10,948,533
Derivative liabilities		–		159,502		166,971		326,473		326,473
	Rs.	48,945,655	Rs.	159,502	Rs.	166,971	Rs.	49,272,128	Rs.	49,272,128

		December 31, 2015						
Financial liabilities		Financial liability measured at amortized cost		Derivatives designated to hedge item		Total		Fair value
Trade payables and other payables	Rs.	36,600,339	Rs.	–	Rs.	36,600,339	Rs.	36,600,339
Debt		10,737,792		–		10,737,792		10,737,792
Derivative liabilities		–		1,355		1,355		1,355
	Rs.	47,338,131	Rs.	1,355	Rs.	47,339,486	Rs.	47,339,486

(3) Financial risk management

The Company is exposed to credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring and responds to each risk factor.

Financial assets that are subject to the financial risk management consist of cash and cash equivalents, AFS financial assets, trade receivables, other receivables and others; financial liabilities subject to the financial risk management consist of trade payables, other payables, borrowings, bonds and others.

1) Market risk

a. Foreign currency risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company assesses, manages and reports, on a regular basis, the foreign currency risk for its receivables and payables denominated in foreign currency.

The table below shows the sensitivity for each foreign currency when exchange rates change 10 %. Sensitivity analysis only includes foreign currency monetary items that are not paid, and it adjusts the translation assuming exchange rate changes 10% at for the year ended December 31, 2016.

Current income will increase when FX rate increases (weaker Korean won), and likewise, current loss will increase when FX rate decreases (stronger Korean won) with respect to the relevant currency as per following table:

Current income will increase when FX rate increases (weaker KRW); likewise, current loss will increase, when FX rate decreases (stronger KRW) with respect to the relevant currency as per following table.

(Unit: Korean won in thousands)

		Korean won in thousands				Indian rupee in thousands		
Currency		10% increase		10% decrease		10% increase		10% decrease
USD	₩	4,368,386	₩	(4,368,386)	Rs.	245,940	Rs.	(245,940)
EUR		(749,642)		749,642		(42,205)		42,205
JPY		(10,523,918)		10,523,918		(592,497)		592,497
Others		2,019,818		(2,019,818)		113,716		(113,716)
	₩	(4,885,356)	₩	4,885,356	Rs.	(275,046)	Rs.	275,046

In order to minimize the risk of foreign exchange fluctuation, the company has a policy of entering into foreign exchange forward agreement, which is accounted for as hedge accounting for future expected transactions.

Details of non-payment forward contracts for the year ended December 31, 2016 are as follows:

(Unit: Korean won in thousands, EUR in thousands, USD in thousands, JPY in thousands and GBP in thousands)

Cash flow hedges			Average exchange rate contracted		Amount of foreign currency		Amount of contract		Fair value
Short position in EUR	Within 3 months	₩	1,298.68	EUR	6,000	₩	7,787,620	₩	165,645
Long position in Korean won	3–6 months		1,304.82	EUR	4,000	₩	5,219,280	₩	118,572
Short position in USD	Within 3 months		1,177.45	USD	47,000	₩	55,204,700	₩	(1,591,526)
Long position in Korean won	3–6 months		1,188.90	USD	53,000	₩	62,941,950	₩	(1,060,397)
	6–9 months		1,206.95	USD	10,000	₩	12,070,200	₩	9,527
Short position in GBP	Within 3 months		1,463.12	GBP	9,000	₩	13,168,060	₩	(174,575)

Cash flow hedges			Average exchange rate contracted		Amount of foreign currency		Amount of contract		Fair value
Long position in Korean won	3–6 months		1,472.40	GBP	6,000	₩	8,834,400	₩	(84,237)
	6–9 months		1,480.67	GBP	6,000	₩	8,884,010	₩	(54,562)
	9–12 months		1,497.87	GBP	3,000	₩	4,493,620	₩	16,151

Held for trading			Average exchange rate contracted		Amount of foreign currency		Amount of contract		Fair value
Short position in Korean won	Within 3 months	₩	10.53	₩	19,234,815	JPY	1,810,000	₩	(440,525)
Long position in JPY	3–6 months		10.51	₩	35,343,690	JPY	3,355,000	₩	(361,818)
	6–9 months		10.46	₩	27,205,840	JPY	2,600,000	₩	3,414
	9–12 months		10.40	₩	20,792,900	JPY	2,000,000	₩	218,265
Short position in USD	Within 3 months		106.96	USD	1,400,000	JPY	149,740,000	₩	(1,279,217)
Long position in JPY	3–6 months		106.94	USD	600,000	JPY	64,176,000	₩	(527,488)

(Unit: Indian rupee in thousands, EUR in thousands, USD in thousands, JPY in thousands and GBP in thousands)

Cash flow hedges			Average exchange rate contracted		Amount of foreign currency		Amount of contract		Fair value
Short position in EUR	Within 3 months	₩	1,298.68	EUR	96,000	Rs.	438,443	Rs.	9,326
Long position in Korean won	3–6 months		1,304.82	EUR	4,000	Rs.	293,845	Rs.	6,676
Short position in USD	Within 3 months		1,177.45	USD	47,000	Rs.	3,108,025	Rs.	(89,603)
Long position in Korean won	3–6 months		1,188.90	USD	53,000	Rs.	3,543,632	Rs.	(59,700)
	6–9 months		1,206.95	USD	10,000	Rs.	679,552	Rs.	536
Short position in GBP	Within 3 months		1,463.12	GBP	9,000	Rs.	741,362	Rs.	(9,829)
Long position in Korean won	3–6 months		1,472.40	GBP	6,000	Rs.	497,377	Rs.	(4,743)
	6–9 months		1,480.67	GBP	6,000	Rs.	500,170	Rs.	(3,072)
	9–12 months		1,497.87	GBP	3,000	Rs.	252,991	Rs.	909

Held for trading			Average exchange rate contracted		Amount of foreign currency		Amount of contract		Fair value
Short position in Korean won	Within 3 months	₩	10.53	₩	19,234,815	JPY	1,810,000	Rs.	(24,802)
Long position in JPY	3–6 months		10.51	₩	35,343,690	JPY	3,355,000	Rs.	(20,370)
	6–9 months		10.46	₩	27,205,840	JPY	2,600,000	Rs.	192
	9–12 months		10.40	₩	20,792,900	JPY	2,000,000	Rs.	12,288
Short position in USD	Within 3 months		106.96	USD	1,400,000	JPY	149,740,000	Rs.	(72,020)
Long position in JPY	3–6 months		106.94	USD	600,000	JPY	64,176,000	Rs.	(29,698)

The cumulative benefits of cash flow hedging related to forward contracts deferred to equity amount to ₩2,574,700 thousand (Rs. 144,956 thousand), and this amount will be reclassified as current income or loss when the contracts are settled. Future transactions related to forward transactions will occur within 12 months at the latest starting from the end of current period.

b. Interest rate risk.

Sensitivity analysis was conducted assuming floating-rate debt current balance is the same during the whole reporting period. When reporting interest rate risk to management internally, 0.5% variation is used, representing management's assessment about reasonably possible fluctuations of interest rates.

When other variables are constant and the interest rate is lower or higher by 0.5% than the current rate, the Company's current income will decrease/increase ₩188,836 thousand (Rs. 10,631 thousand) for the year ended December 31, 2016, due to floating-rate debt's interest rate risk.

2) Credit risk

Credit risk arises from transactions in the ordinary course of business and investment activities and when a customer or a transacting party fails to perform obligations defined by respective contract terms. In order to manage the aforementioned credit risk, the Company regularly assesses credit ratings of its customers and transacting parties based on their financial status and past experiences and establishes credit limit for each customer or transacting party.

As of December 31, 2016 and 2015, the maximum exposed amounts of credit risk for financial assets maintained by the Company are as follows.

	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	(Korean won in thousands)		(Indian rupee in thousands)	
Trade and other receivables	₩ 277,769,129	₩ 211,266,473	Rs. 15,638,402	Rs. 11,894,302

3) Liquidity risk

The Company establishes short-term and long-term fund management plans; consequently, exposures to liquidity risk arise. The Company analyzes and reviews actual cash outflows and its budget to correspond the maturities of financial liabilities to those of financial assets. Management of the Company believes that the financial liabilities may be redeemed by cash flows arising from operating activities and financial assets. To manage risks arising from installment sales receivables, the Company has entered into a factoring agreement with capital financial institutions.

Maturity analysis of non-derivative financial liabilities according to their remaining maturities as of December 31, 2016 and 2015, is as follows:

(Unit: Korean won in thousands)

	December 31, 2016					
		Within 1 year		More than 1 year		Total
Trade payables	₩	482,375,280	₩	–	₩	482,375,280
Non-trade payables		152,502,510		–		152,502,510

	December 31, 2016		
	Within 1 year	More than 1 year	Total
Short-term borrowings(*)	₩ 183,588,225	₩ –	₩ 183,588,225
Derivatives liabilities	5,798,806	–	5,798,806
Other payables	34,519,616	–	34,519,616
Long-term borrowings(*)	–	13,145,534	13,145,534
Long-term non-trade payables	–	5,507,071	5,507,071
	₩ 858,784,437	₩ 18,652,605	₩ 877,437,042

	December 31, 2015		
	Within 1 year	More than 1 year	Total
Trade payables	₩ 432,415,649	₩ –	₩ 432,415,649
Non-trade payables	172,582,355	–	172,582,355
Short-term borrowings(*)	154,713,544	–	154,713,544
Derivatives liabilities	24,074	–	24,074
Other payables	32,484,211	–	32,484,211
Long-term borrowings(*)	–	40,037,205	40,037,205
Long-term non-trade payables	–	12,612,614	12,612,614
	₩ 792,219,833	₩ 52,649,819	₩ 844,869,652

(Unit: Indian rupee in thousands)

	December 31, 2016		
	Within 1 year	More than 1 year	Total
Trade payables	Rs. 27,157,728	Rs. –	Rs. 27,157,728
Non-trade payables	8,585,891	–	8,585,891
Short-term borrowings(*)	10,336,017	–	10,336,017
Derivatives liabilities	326,473	–	326,473
Other payables	1,943,455	–	1,943,455
Long-term borrowings(*)	–	740,094	740,094
Long-term non-trade payables	–	310,048	310,048
	Rs. 48,349,564	Rs. 1,050,142	Rs. 49,399,706

	December 31, 2015		
	Within 1 year	More than 1 year	Total
Trade payables	Rs. 24,345,001	Rs. –	Rs. 24,345,001
Non-trade payables	9,716,387	–	9,716,387
Short-term borrowings(*)	8,710,373	–	8,710,373
Derivatives liabilities	1,355	–	1,355
Other payables	1,828,861	–	1,828,861
Long-term borrowings(*)	–	2,254,095	2,254,095
Long-term non-trade payables	–	710,090	710,090
	Rs. 44,601,977	Rs. 2,964,185	Rs. 47,566,162

(*) Expected interest expense included in maturity analysis.

Funding arrangements as of December 31, 2016 and 2015, are as follows:

(Unit: Korean won in thousands)

		December 31, 2016	December 31, 2015
Borrowing limit commitments	Used	₩ 67,500,000	₩ 85,000,000
	Unused	132,000,000	112,000,000
	Total	₩ 199,500,000	₩ 197,000,000

(Unit: Indian rupee in thousands)

		December 31, 2016	December 31, 2015
Borrowing limit commitments	Used	Rs. 3,800,250	Rs. 4,785,500
	Unused	7,431,600	6,305,600
	Total	Rs. 11,231,850	Rs. 11,091,100

(6) Fair value of financial instruments

1) The Company's management deems that the difference between carrying value and fair value of financial assets and financial liabilities recognized as amortized cost on financial statements is not significant.

2) Valuation methods and assumptions applied in fair value measurement

The fair values of financial instruments (i.e., government bonds and unsecured corporate bonds) traded on active markets are determined with reference to quoted market prices. The Company uses the closing price as the quoted market price for its financial assets.

The fair values of derivatives where no active market exists or where quoted prices are not otherwise available are determined using valuation techniques. Non-option derivatives are evaluated using discounted cash flow method, using the yield curve available. Options are evaluated by option-pricing models. Foreign exchange forward contracts are determined using the yield curve derived from market interest rates with the same maturity of forward contracts. To measure interest rate swaps, the cash flows are estimated by the yield curve derived from market interest rate and discounted to calculate the present value of swaps.

Fair values of other financial assets and liabilities (except those stated above) are calculated by generally accepted valuation models based on discounted cash flow analysis.

3) The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, classified as Level 1, 2 or 3, based on the degree to which the fair value is observable:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly

Level 3 Inputs that are not based on observable market data

Fair values of financial instruments by hierarchy level as of December 31, 2016 and 2015, are as follows:

(Unit: Korean won in thousands)

	December 31, 2016			
Type	Level 1	Level 2	Level 3	Fair value
Derivatives designated to hedge item	₩ –	₩ 756,035	₩ –	₩ 756,035
Derivative liabilities designated to hedge item	–	5,798,806	–	5,798,806

Type		December 31, 2015 Level 1		Level 2		Level 3		Fair value
Derivatives designated to hedge item	₩	–	₩	1,707,695	₩	–	₩	1,707,695
Derivative liabilities designated to hedge item		–		24,074		–		24,074

(Unit: Indian rupee in thousands)

Type		December 31, 2016 Level 1		Level 2		Level 3		Fair value
Derivatives designated to hedge item	Rs.	–	Rs.	42,565	Rs.	–	Rs.	42,565
Derivatives Liabilities designated to hedge item		–		326,473		–		326,473

Type		December 31, 2015 Level 1		Level 2		Level 3		Fair value
Derivatives designated to hedge item	Rs.	–	Rs.	96,143	Rs.	–	Rs.	96,143
Derivative liabilities designated to hedge item		–		1,355		–		1,355

4) The Company measures the foreign exchange forward contract (derivative assets: ₩756,035 thousand (Rs. 42,565 thousand) and derivative liabilities: ₩5,798,806 thousand (Rs. 326,473 thousand) based on the forward rate announced officially in the market as of December 31, 2016. In the event that no corresponding forward rate with residual period of the foreign exchange forward contract in the market exists, the Company measured the market value through interpolation method.

As input factors used in measuring market value of foreign exchange forward are from observable exchange forward rate, the Company classified the fair value of the foreign exchange forward as Level 2.

DIRECTORS' REPORT

Ssangyong European Parts Center B.V. (the Company) is pleased to present the financial information of the Company for the year ended 31 December 2016.

Principal Activities

The Company was established in 2006 as a 100% subsidiary of Ssangyong Motor Company ("SYMC", hereinafter), an automotive manufacturing company in Korea with its products of SUV's (sports utility vehicles) and a large-sized sedan. On behalf of SYMC, the Company is supplying spare parts to SYMC's overseas distributors in Europe for their after-sales services, through its warehouse facilities in Breda, since April 2007.

Risks

The Company is performing its business activities based on the service agreement settled with SYMC.

Market risk:

The automotive market is a volatile and very competitive one by nature. The Company's sales are dependent on the car sales made by SYMC as well as ensuring success in preventing competitors becoming successful in selling non-genuine spare parts. The latter however, can never be a full 100% success and therefore there is some market risk. One of the major steps in minimising this risk is achieved by SYMC granting warranty on the cars and parts for a fixed number of years as long as genuine SsangYong spare parts are being used.

Debtor risk:

The Company's sales are predominantly to clients which have a contract with SYMC for car sales and services, under which the sale of spare parts is covered. If any client is unable to fulfil its payment obligation, the balance of the Company's account receivable that is not collected from the client can be offset against the Company's outstanding balance of accounts payable to SYMC resulting from purchases of spare parts (i.e. any costs relating to bad debtors incurred by the Company will be fully reimbursed by SYMC).Therefore, the Company has limited debtor risk for spare-part supplies to clients under contract with SYMC.

Currency risk:

The Company is mainly active in the European Union and all receivables and payables are denominated in Euro, accordingly, the currency risk is not hedged.

Interest rate risk:

The Company is exposed to interest rate risk mainly on the interest-bearing cash at bank. The Company is exposed to the consequences of variable interest rates on cash at bank. The Company has not entered into any derivative contracts to hedge the interest risk on assets or liabilities.

Operations in 2016

The Company achieved annual re-invoicing sales of around Euro 13.1 million (around Indian Rupees 936.9 million) in 2016, which is significantly higher than in the previous year and mainly due to the success of the Tivoli and refurbished other models like Korando and Rexton, as well as the launch of the new model XLV.

With respect to gross operating structure, excluding the effects from its provision for bad inventory and the yearend adjustment for the agreed compensation with SYMC, the Company's Cost Of Goods Sold (COGS) rate increased by around 0.5 % point to 71.7% in 2016 from 71.2% a year earlier.

In terms of the Company's local operational cost, its Sales, General & Administrative expenses (SG&A) decreased this year around 2.24% to Euro 2.2 million (around Indian Rupees 154.4 million), primarily due to the investments in its ERP system and Human Resources to prepare for the further reduced outsourcing work scopes, mentioned in the 'Significant events in 2016' in this report. As of 31 December 2016, the Company employs 7 local people including expatriates from SYMC.

Cash Flow

The Company's Cash Flow Statement shows a negative cash flow which is primarily the result of the Company's function as a warehouse for spare parts for SYMC's distributors in Europe and one major responsibility is to ensure a safety stock is kept at all times. Inherent to a safety stock is that it is not sold within one year but should remain available for clients at all times, which means that while purchased from SYMC subsequent sales and the cash related to it will be made/received at a much later time. The inventory has therefore been increased due to stocking of spare parts for the new models launched by SYMC in 2016 and will continue for the new models to be launched in 2017, and as the purchases of spare parts increased so did the liability towards SYMC.

Significant events in 2016

The Company entered into a 5 year service agreement with Pantos Logistics Benelux B.V. effectively at 1 January 2012 to outsource its warehousing facilities and IT system. This change has enabled the Company to reduce around 52% of its fixed outsourcing cost, which accounted for around 78% of total SG&A in 2011, 56% of total SG&A in 2012, 51% of total SG&A in 2013, 53% of total SG&A in 2014, 57% of total SG&A in 2015 and 58% of total SG&A in 2016. As the service agreement with Pantos Logistics Benelux B.V. ended on December 31, 2016 the Company went out for bids to three logistics service providers for a new service agreement. After various rounds of comparing and negotiations the Company decided to extend the service agreement with Pantos Logistics Benelux B.V. for another 5 years with a reduction in fixed rates and some increase in the variable rates.

During 2016, the Company settled with SYMC on the service agreement, of which the Dutch tax authorities acknowledged the validity through a new Advanced Pricing Agreement (APA) with the Company, both valid retroactively per 1 January 2016.

In both 2015 and 2014 the Company significantly lowered its provision for bad inventory following the sale- and scrap of the older spare parts for models no longer sold or serviced within the European Union. At the same time this enabled the Company to free up warehouse space that will be needed for the spare parts for the new models the parent company has launched in 2016 and scheduled to launch in 2017 and thereafter.

Future Prospects

The Company predicts that its sales in the year of 2017 will be favourable compared to the prior period. And the Company's operating profit will be going forward favourably by the new environment under which its logistics service provider and the outsourced work scopes changed since 1 January 2017.

The Company will focus on having a stable operation structure to meet any requirement that is coming from the customers' side and occurs internally as well.

The shareholder has been fully supporting for the Company's operation going further in the year of 2017 and the after, considering that the Company's distribution of spare parts is a basic value in automotive business against Distributors and Partners in European territories.

In 2016 the Company has seen a change in its senior management with the resignation of Mr. Yoon to return to the shareholder company and the appointment of Mr. Yang as a new Managing Director per 1 January 2016. The appointment of Mr. Yang has the full support of the shareholder and he will continue to bring a further advancement to the development of the Company based on his long experience. No further significant changes in personnel and investments are expected in 2017.

In 2015 SYMC has launched several new models among which a B-segment SUV named Tivoli which has proven to be a great success in several European countries as well as in Korea, and sales (pre-stocking) of spare parts in 2016 has risen in line with the sales of the Tivoli Gasoline and Diesel model. SYMC launched another new model of the Tivoli named XLV in the second quarter of 2016 which is very interesting for business and large family usage and SYMC has planned to launch a renewed Rexton model in the third quarter of 2017 and expectations are that the sales of spare parts will again increase following this launch.

Breda, 31 January 2017

Statutory directors,

S.T. Yang J.D. Lee

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Ssangyong European Parts Center B.V.

REPORT ON THE FINANCIAL STATEMENTS 2016 INCLUDED IN THE ANNUAL ACCOUNTS

Our opinion

We have audited the financial statements 2016 of Ssangyong European Parts Center B.V., based in Breda, The Netherlands.

In our opinion the financial statements included in these annual accounts give a true and fair view of the financial position of Ssangyong European Part Center B.V. as at December 31, 2016, and of its result for 2016 In accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. The balance sheet as at December 31, 2016.
2. The Income statement for 2016.
3. The notes to the financial statements comprising a summary of the accounting policies and other explanatory Information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, Including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Ssangyong European Parts Center B.V. In accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant Independence requlations in The Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

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

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL ACCOUNTS

In addition to the financial statements and our auditor's report, the annual accounts contain other information that consists of:

- The directors' report.
- Other Information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of other information, including the directors' report in accordance with Part 9 of Book 2 of the Dutch Civil code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

DESCRIPTION OF RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible 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.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements 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.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud.

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. The materiality affects the nature timing and extent of our audit procedures and the evaluation, of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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.
- Obtaining 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.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding 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.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Eindhoven January 31 2017

Deloitte Accountants B.V.

Signed on the original: G.P.J. Vossen

BALANCE SHEET AS AT 31 DECEMBER 2016

(before appropriation of net result)

		31 December 2016		31 December 2015	
	Note	**€**	**Proforma Indian Rupees**	€	Proforma Indian Rupees
Fixed assets					
Intangible fixed assets	5.1	**0**	**0**	0	0
Tangible fixed assets	5.2	**3,642**	**260,530**	5,642	403,600
		3,642	**260,530**	5,642	403,600
Current assets					
Inventories	5.3	**6,948,182**	**497,038,200**	4,851,046	347,019,557
Receivables	5.4	**1,254,076**	**89,710,327**	827,018	59,160,733
Cash and cash equivalents	5.5	**858,282**	**61,397,203**	875,377	62,620,094
		9,060,540	**648,145,730**	6,553,441	468,800,384
		9,064,182	**648,406,260**	6,559,083	469,203,984
Equity and liabilities					
Shareholder's equity	5.6				
Paid-in share capital		**700,000**	**50,074,500**	700,000	50,074,500
Retained earnings		**(3,586,453)**	**(256,556,915)**	(3,670,863)	(262,595,185)
Result for the year		**110,331**	**7,892,528**	84,410	6,038,269
		(2,776,122)	**(198,589,887)**	(2,886,453)	(206,482,416)
Current liabilities	5.7	**11,840,304**	**846,996,147**	9,445,536	675,686,400
		9,064,182	**648,406,260**	6,559,083	469,203,984

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

INCOME STATEMENT FOR 2016

	Note	2016 €	2016 Proforma Indian Rupees	2015 €	2015 Proforma Indian Rupees
Net turnover	6.1	**13,096,673**	**936,870,511**	11,772,216	842,125,480
Cost of sales		**(10,794,068)**	**(772,153,659)**	(9,453,776)	(676,275,891)
Gross turnover result		**2,302,605**	**164,716,852**	2,318,440	165,849,589
Selling expenses		**26,474**	**1,893,843**	43,656	3,122,948
General and administrative expenses	6.2	**2,132,068**	**152,517,449**	2,164,382	154,829,041
Total expenses		**2,158,542**	**154,411,292**	2,208,038	157,951,989
Operating Profit		**144,063**	**10,305,560**	110,402	7,897,600
Financial income (expense), net	6.3	**(9,780)**	**(699,625)**	(9,092)	(650,413)
Result before taxation		**134,283**	**9,605,935**	101,310	7,247,187
Income tax expense (income)	6.4	**(23,952)**	**(1,713,407)**	(16,900)	(1,208,918)
Net Result		**110,331**	**7,892,528**	84,410	6,038,269

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

CASH FLOW STATEMENT FOR 2016

	Note	**2016** €	**2016** Proforma Indian Rupees	2015 €	2015 Proforma Indian Rupees
Cash flows from operating activities					
Operating Profit		**144,063**	**10,305,560**	110,402	7,897,600
Adjustments for:					
Amortisation and depreciation	5.1 & 5.2	**2,000**	**143,071**	1,854	132,645
Changes in working capital:					
Inventories	5.3	**(2,097,137)**	**(150,018,643)**	(927,427)	(66,343,443)
Receivables	5.4	**(427,058)**	**(30,549,594)**	(399,481)	(28,576,856)
Current liabilities	5.7	**2,394,768**	**171,309,747**	1,118,276	79,995,923
Corporation Income Tax	5.7	**(23,952)**	**(1,713,407)**	(2,632)	(188,292)
Cash generated from operations		**(7,315)**	**(523,266)**	(99,008)	(7,082,423)
Financial income (expense), net	6.3	**(9,780)**	**(699,625)**	(9,092)	(650,413)
Net cash generated from operating activities		**(17,095)**	**(1,222,891)**	(108,100)	(7,732,836)
Cash flows from investing activities					
Investments in intangible fixed assets	5.1	**0**	**0**	0	0
Investments in tangible fixed assets	5.2	**0**	**0**	(2,808)	(200,882)
Net cash used in investing activities		**0**	**0**	(2,808)	(200,882)
Cash flows from financing activities					
Net cash used in financing activities		**0**	**0**	0	0
Net cash flows		**(17,095)**	**(1,222,891)**	(110,908)	(7,933,718)
Movements in cash and cash equivalents can be broken down as follows:					
At 1 January		**875,377**	**62,620,094**	986,285	70,553,812
Movements during the year		**(17,095)**	**(1,222,891)**	(110,908)	(7,933,718)
At 31 December		**858,282**	**61,397,203**	875,377	62,620,094

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

NOTES TO THE FINANCIAL STATEMENTS

1 General information

1.1 *The Company*

Ssangyong European Parts Center B.V., with registration number 20128617 in The Netherlands Chamber of Commerce Commercial Register, located at IABC 5253-5254, 4814 RD, Breda ("the Company", hereinafter) is a limited liability company, having its official seat in Breda.

The Company was incorporated as a 100% subsidiary of Ssangyong Motor Company, 455-12 Dongsak-ro, Pyungtaek-si, Gyeonggi-do in Korea ("SYMC", hereinafter) with its principal capital of Euro 700,000 (Proforma Indian Rupees 50,074,500) on 12 December 2006. Since early 2011, the majority of the shares of SYMC has been acquired by Mahindra & Mahindra Ltd. in India. Accordingly, the financial information of the Company has been included in the consolidated financial information of SYMC and Mahindra & Mahindra Ltd., the ultimate parent company.

SYMC is an automotive manufacturing company in Korea with its products of SUVs (sports utility vehicles) and a large-sized sedan, one of whose main export markets has been Western-Europe since 2002.

1.2 *Activities*

As of 31 December 2016, the Company is distributing the spare parts to 27 distributors through its outsourced warehouse facilities in Breda. The Company's activity is to provide logistics and administrative support services including re-invoicing activities to SYMC for its distribution of spare parts to the distributors in Europe, who have an exclusive distributorship of SYMC's products respectively by country. Accordingly, all spare parts handled by the Company come from SYMC.

The Company's services are performed in accordance with the service agreement between SYMC and the Company, which is in effect as of 1 January 2016. Based on the agreement, SYMC compensates the Company for its local operational cost, including a profit mark-up using a certain fixed rate based on the Company's sales to distributors, which is known as the Return On Sales Method.

The remuneration in the above is acknowledged to be an arms' length remuneration for the Company's services to SYMC, through the Advanced Pricing Agreement settled into by the Company and the Dutch tax authorities, on 28 April 2016 with a validity retroactive 1 January 2016.

1.3 *Use of estimates*

The financial statements require management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial report, and the reported amounts of revenues and expenses during the reporting period. Significant estimates include those required in the valuation of inventories, deferred taxes, accounting of provisions and the impairment of intangible, tangible and financial fixed assets. All assumptions, anticipations, expectations and forecasts used as a basis for certain estimates within the financial statements represented good-faith assessments of the Company's future performance. It involves known and unknown risks, uncertainties and other factors that could cause the Company's actual future results, performance and achievements to differ from those forecasted.

1.4 *Support parent company*

In view of the negative equity and negative working capital balances the continuation of the Company's operation might be dependent on the financial support of the parent company. In connection with this Ssangyong Motor Company, parent of Ssangyong European Parts Center B.V., has confirmed that it will provide the necessary financial support to Ssangyong European Parts Center B.V. to enable it to operate as a going concern and to meet its financial obligations for the 18 months period after the date of these financial statements and confirmed that it has the financial resources to fulfil that commitment.

2 Accounting policies for the balance sheet

2.1 *General information*

The financial statements are prepared according to the stipulations in chapter 9 Book 2 of The Netherlands Civil Code.

Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless presented otherwise at the relevant principle for the specific balance sheet item, assets and liabilities are valued according to the cost model.

Income and expenses are accounted for on accrual basis. Profit is only included when realized on the balance sheet date. Losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

The financial information is denominated in Euros.

2.2 *Proforma information*

All amounts disclosed in Indian Proforma Indian Rupees are the Euro amount converted against a currency rate of approximately Indian Rupees 71.535 = Euro 1 for 2016 and 2015.

The same rate is applied for the opening balance sheet, the results and closing balance sheet. The comparative information has also been translated against this same currency rate.

2.3 *Related party transactions*

In the ordinary course of business the Company purchases approximately 99% of its products from affiliated parties. The Company is furthermore financed by an intercompany payable, reference is made to note 5.8.

2.4 *Prior-year comparison*

The accounting policies have been consistently applied to all the years presented, if not specifically stated otherwise.

2.5 *Foreign currencies*

Receivables, liabilities and obligations denominated in foreign currencies are translated against the exchange rates prevailing at balance sheet date. Transactions in foreign currencies during the financial year are recognised in the financial statements against the exchange rates prevailing at transaction date. The exchange differences resulting from the translation as of balance sheet date, are recorded in income statement.

Transactions, receivables and debts

Foreign currency transactions in the reporting period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange prevailing at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates are recognised in the income statement.

Translation differences on non-monetary assets held at cost are recognised using the exchange rates prevailing at the dates of the transactions.

2.6 *Financial instruments*

Financial instruments be both primary financial instruments, such as receivables and payables, and financial derivatives. The notes to the specific items of the balance sheet disclose the fair value of the related instrument if this deviates from the carrying amount. If the financial instrument is not recorded in the balance sheet the information on the fair value is disclosed in the notes to the "Contingent rights and obligations." For the principles of primary financial instruments, in case applicable, reference is made to the treatment per balance sheet item.

2.7 *Intangible fixed assets*

Intangible fixed assets are presented at cost less accumulated amortisation. Amortisation is charged as a fixed percentage of cost, as specified in more detail in the notes to the balance sheet. The useful life and the amortisation method are reassessed at the end of each financial year.

2.8 *Tangible fixed assets*

Property, plant and equipment are stated at cost less accumulated depreciation and impairment and are depreciated over their estimated useful lives on a straight line basis. Ordinary maintenance and repairs are expensed as incurred.

Property, plant and equipment are depreciated over their estimated useful lives as from the inception of their use. Land and investment property are not depreciated. Future depreciation and amortisation is adjusted if there is a change in estimated useful life.

2.9 *Financial fixed assets*

Deferred tax assets are stated under the financial fixed assets if and to the extent it is probable that the tax claim can be realised in due course. These deferred tax assets are valued at nominal value and are predominantly long-term in nature.

2.10 *Impairment of assets*

On balance sheet date, the company tests whether there are any indications of an asset, which could be subject to impairment. If there are such indications, the company estimates the recoverable amount of the asset conceded. If this is not possible, the recoverable amount of the cash-generating unit to which the asset belongs, is identified. An asset is subject to impairment if its book value exceeds its recoverable value; the recoverable value is the higher of the value in use and the fair value less costs to sell.

Impairment is recognized as an expense in the profit and loss account immediately, unless the asset is carried at the revalued amount; in that case, the impairment is treated as a revaluation decrease.

2.11 *Inventories*

Inventories are stated at the lower of cost and net realisable value. The valuation is based on weighted average prices. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. A provision is made for obsolete inventories by individual assessment of inventories, where considered necessary.

2.12 *Receivables*

Upon initial recognition the receivables are included at fair value and then valued at amortised cost. The fair value and amortized cost equal the face value. Any provision for doubtful accounts deemed necessary is deducted. These provisions are determined by individual assessment of the receivables.

2.13 *Cash and cash equivalents*

Cash and cash equivalents include cash in hand, bank balances and deposits held at call with maturities of less than 12 months. Cash and cash equivalents are stated at face value.

2.14 *Provisions*

Provisions are recognised for legally enforceable or constructive obligations existing at the balance sheet date, the settlement of which is probable to require an outflow of resources whose extent can be reliably estimated. Provisions are measured on the basis of the best estimate of the amounts required to settle the obligations at the balance sheet date. Unless indicated otherwise, provisions are stated at the present value of the expenditure expected to be required to settle the obligations.

2.15 *Deferred income tax assets and liabilities*

Deferred income tax assets and liabilities are recognised to provide for temporary differences between the tax bases of assets and liabilities, and their carrying amounts in the financial information. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets and liabilities are recognised at face value.

2.16 *Short term Liabilities*

Upon intial recognition, liabilities recorded are stated at fair value and then valued at amortized costs.

3 Accounting policies for the income statement

3.1 *Net turnover*

Net turnover represents amounts invoiced for goods and services supplied during the financial year reported on, net of discounts and value added taxes.

Revenues ensuing from the sale of goods are accounted for when all major entitlements to economic benefits as well as all major risks have transferred to the buyer. The cost price of these goods is allocated to the same period.

Revenues from services are recognised in proportion to the services rendered, based on the cost incurred in respect of the services performed up to balance sheet date, in proportion to the estimated costs of the aggregate services to be performed. The cost price of these services is allocated to the same period.

3.2 *Cost of sales*

Cost of sales represents the direct and indirect expenses attributable to net turnover.

3.3 *Selling, General and Administrative expenses*

Selling, General and Administrative expenses are recognised at the historical cost convention and are not directly attributable to the cost of the goods sold, and are allocated to the reporting year to which they are related. Selling expenses are related to various communication activities for the Company's logistics and administrative support services. General and Administrative expenses include the employee benefits, depreciations, outsourcing cost and other general cost.

Salaries, wages and social security contributions are taken to the income statement based on the terms of employment, where they are due to employees.

Provisions for employee benefits:

The pension plans are financed through contributions to pension providers such as insurance companies. The pension obligations are valued according to the 'valuation to pension fund approach'. This approach accounts for the contribution payable to the pension provider as an expense in the profit and loss account.

Based on the administration agreement it is assessed whether and, if so, which obligations exist in addition to the payment of the annual contribution due to the pension provider as at balance sheet date. These additional obligations, including any obligations from recovery plans of the pension provider, lead to expenses for the company and are included in a provision on the balance sheet.

A pension receivable is included in the balance sheet when the company has the right of disposal over the pension receivable and it is probable that the future economic benefits which the pension receivable holds will accrue to the Company and the pension receivable can be reliably established. As at year-end 2016 (and 2015) no pension receivables and no obligations existed for the company in addition to the payment of the annual contribution due to the pension provider.

The pension rights of each employee are based upon the employee's average salary during employment. The maximum salary for base pension in 2016 amounts to Euro 100,000 (Proforma Indian Rupees 7,153,500) and in 2015 – Euro 100,000 (Proforma Indian Rupees 7,153,500), in 2016 the franchise amounts to Euro 13,878 (Proforma Indian Rupees 992,763) and in 2015 – Euro 13,545 (Proforma Indian Rupees 968,942). Pension for employees with a salary above the maximum salary for base pension is covered by the so called excedent pension scheme without a maximum.

3.4 *Finance income and costs*

Interest paid and received

Interest paid and received is recognised on a time-weighted basis, taking account of the effective interest rate of the assets and liabilities concerned. When recognising interest paid, allowance is made for transaction costs on loans received.

3.5 *Income tax expense*

Income tax is calculated on the result before tax in the income statement, taking into account any losses carried forward from previous financial years where not included in deferred income tax assets and tax exempt items, and plus non deductible expenses. Account is also taken of changes in deferred income tax assets and liabilities owing to changes in the applicable tax rates.

3.6 *Principles for preparation of the cash flow statement*

The cash flow statement is prepared according to the indirect method.

The funds in the cash flow statement consist of cash and cash equivalents. Cash equivalents can be considered as highly liquid investments.

Cash flows in foreign currencies are translated at an estimated average rate. Exchange rate differences concerning finances are shown separately in the cash flow statement.

Corporate income taxes, issuance of share capital, interest received and dividends received are presented under the cash flow from operating activities. Interest paid and dividends paid are presented under the cash flow from financing activities.

Transactions that do not result in exchange of cash and cash equivalents, such as financial lease, are not presented in the cash flow statement. The payment of lease terms on account of the financial lease contract is considered as an expenditure of financing activities as far as it concerns redemptions and as an expenditure of operational activities as far as it concerns interest.

4 Risk management

4.1 *Currency risk*

The Company is mainly active in the European Union and all receivables and payables are denominated in Euro. Accordingly, the currency risk is not hedged.

4.2 *Interest rate risk*

The Company is exposed to interest rate risk mainly on the interest-bearing cash at bank. The company is exposed to the consequences of variable interest rates on cash at bank. The company has not entered into any derivative contracts to hedge the interest risk on assets or liabilities.

5 Notes to the balance sheet

5.1 *Intangible fixed assets*

	ERP System		Total	
	€	Proforma Indian Rupees	€	Proforma Indian Rupees
At 1 January 2016				
Cost	96,109	6,875,160	96,109	6,875,160
Accumulated depreciation	(96,109)	(6,875,160)	(96,109)	(6,875,160)
Carrying amount	0	0	0	0
Movements				
Investment	0	0	0	0
Depreciation	0	0	0	0
Carrying amount	0	0	0	0
At 31 December 2016				
Cost	96,109	6,875,160	96,109	6,875,160
Accumulated depreciation	(96,109)	(6,875,160)	(96,109)	(6,875,160)
Carrying amount	0	0	0	0
Depreciation rate	33%	33%	33%	33%

5.2 *Tangible fixed assets*

Movements in property, plant and equipment can be broken down as follows:

	Office equipment		Total	
	€	Proforma Indian Rupees	€	Proforma Indian Rupees
At 1 January 2016				
Cost	70,445	5,039,324	70,445	5,039,324
Accumulated depreciation	(64,803)	(4,635,724)	(64,803)	(4,635,724)
Carrying amount	5,642	403,600	5,642	403,600
Movements				
Investment	0	0	0	0
Depreciation	(2,000)	(143,071)	(2,000)	(143,071)
Carrying amount	(2,000)	(143,071)	(2,000)	(143,071)
At 31 December 2016				
Cost	70,445	5,039,324	70,445	5,039,324
Accumulated depreciation	(66,803)	(4,778,794)	(66,803)	(4,778,794)
Carrying amount	3,642	260,530	3,642	260,530
Depreciation rate	20%	20%	20%	20%

5.3 *Inventories*

	31-12-2016		31-12-2015	
	€	Proforma Indian Rupees	€	Proforma Indian Rupees
Goods for resale	8,157,883	583,574,161	5,857,845	419,040,969
Less: provision	(1,209,701)	(86,535,961)	(1,006,800)	(72,021,412)
	6,948,182	497,038,200	4,851,046	347,019,557

With relation to the Company's outsourcing contract described all inventories above are provided as collateral for the outsourced parties.

5.4 *Receivables*

	31-12-2016		31-12-2015	
	€	Proforma Indian Rupees	€	Proforma Indian Rupees
Trade receivables	1,144,070	81,841,027	731,434	52,323,158
Other receivables, including prepayments	110,006	7,869,300	95,584	6,837,575
	1,254,076	89,710,327	827,018	59,160,733

Receivables in the above fall due in less than one year and the fair value of the receivables approximates the book value.

Other receivables

	31-12-2016		31-12-2015	
	€	Proforma Indian Rupees	€	Proforma Indian Rupees
V.A.T.	73,771	5,277,226	67,621	4,837,261
Prepayments	34,094	2,438,934	23,534	1,683,495
Others	2,141	153,140	4,429	316,819
	110,006	7,869,300	95,584	6,837,575

5.5 *Cash and cash equivalents*

All cash and cash equivalents are available on demand.

5.6 *Shareholder's equity*

	Issued share capital	Retained earnings (accumulated deficit)	Result for the year	Total
	€	€	€	€
At 1 January 2015	700,000	(3,753,937)	83,074	(2,970,863)
Changes				
Profit/(loss) appropriation	0	83,074	(83,074)	0
Profit/(loss) for the year	0	0	84,410	84,410
At 31 December 2015	700,000	(3,670,863)	84,410	(2,886,453)
Changes				
Profit/(loss) appropriation	0	84,410	(84,410)	0
Profit/(loss) for the year	0	0	110,331	110,331
At 31 December 2016	700,000	(3,586,453)	110,331	(2,776,122)

	Issued share capital	Retained earnings (accumulated deficit)	Result for the year	Total
	Proforma Indian Rupees	**Proforma Indian Rupees**	**Proforma Indian Rupees**	**Proforma Indian Rupees**
At 1 January 2015	50,074,500	(268,537,890)	5,942,705	(212,520,685)
Changes				
Profit/(loss) appropriation	0	5,942,705	(5,942,705)	0
Profit/(loss) for the year	0	0	6,038,269	6,038,269
At 31 December 2015	50,074,500	(262,595,185)	6,038,269	(206,482,416)
Changes				
Profit/(loss) appropriation	0	6,038,269	(6,038,269)	0
Profit/(loss) for the year	0	0	7,892,528	7,892,528
At 31 December 2016	50,074,500	(256,556,916)	7,892,528	(198,589,888)

The authorised share capital of Ssangyong European Parts Center B.V. amounts to Euro 3,500 thousand (Proforma Indian Rupees 250,373 thousand), divided by 35 thousand ordinary shares of Euro 100 (Proforma Indian Rupees 7,154) each. Out of the authorised shares, 7 thousand ordinary shares, equivalent of Euro 700 thousand (Proforma Indian Rupees 50,075 thousand), have been issued and paid-in.

5.7 *Current liabilities*

	31-12-2016		31-12-2015	
	€	**Proforma Indian Rupees**	€	Proforma Indian Rupees
Payable to SYMC, the parent company	**11,540,153**	**825,524,810**	9,172,261	656,137,677
Accounts payable	**231,749**	**16,578,168**	199,302	14,257,079
Corporation Income Tax	**2,964**	**212,053**	2,632	188,292
Other debts, accruals and deferred income	**65,438**	**4,681,116**	71,341	5,103,352
	11,840,304	**846,996,147**	9,445,536	675,686,400

Payable to the parent company consists of trade payable for goods purchased and no interest is charged.

5.8 *Remuneration of directors*

In 2016 an amount of approximately Euro 272 thousand (Proforma Indian Rupees 19,490 thousand) and for 2015: Euro 233 thousand (Proforma Indian Rupees 16,694 thousand) for the remuneration of directors of the legal entity was charged to the company.

5.9 *Commitments*

On 11 November 2011, the Company settled with Pantos Logistics Benelux B.V. into a 5 year service agreement including the work-scope of warehousing and warehousing management system only and which has been renewed on 25 October 2016 for another 5 years with reduced fixed- but increased variable rates.

In accordance with the new service agreement, the total fee committed by the Company amounts to Euro 5,862 thousand (Proforma Indian Rupees 419,321 thousand) as of 31 December 2016 of which: Euro 1,137 thousand (Proforma Indian Rupees 81,351 thousand) is due within 1 year, Euro 4,725 thousand (Proforma Indian Rupees 337,970 thousand) is due within 2 to 5 years and Euro 0 thousand (Proforma Indian Rupees 0 thousand) is due after 5 years.

With respect to the outsourcing fee, the fees are recognized on an accrual basis as General and Administrative expenses in the income statement.

The fees for 2016 and 2015 amounted to Euro 1,257 thousand (Proforma Indian Rupees 89,916 thousand) and Euro 1,249 thousand (Proforma Indian Rupees 89,364 thousand) respectively.

Total commitments in connection with operational lease agreements amounts to approximately Euro 135 thousand (Proforma Indian Rupees 9.673 thousand) of which:

Euro 77 thousand (Proforma Indian Rupees 5,546 thousand) is due within 1 year, Euro 58 thousand (Proforma Indian Rupees 4,127 thousand) is due within 2 to 5 years and Euro 0 thousand (Proforma Indian Rupees 0 thousand) is due after 5 years.

6 Notes to the Income statement

6.1 *Revenue*

	2016		2015	
	€	**Proforma Indian Rupees**	€	Proforma Indian Rupees
The Netherlands	**157,061**	**11,235,358**	193,540	13,844,892
Other EU countries	**11,138,213**	**796,772,065**	9,716,567	695,074,649
Other European countries	**1,801,399**	**128,863,088**	1,862,109	133,205,939
Total parts sales	**13,096,673**	**936,870,511**	11,772,216	842,125,480
Outbound delivery	**0**	**0**	0	0
	13,096,673	**936,870,511**	11,772,216	842,125,480

6.2 *Employee benefits*

	2016		2015	
	€	**Proforma Indian Rupees**	€	Proforma Indian Rupees
Salaries and wages	**459,250**	**32,852,485**	475,416	34,008,908
Social security contributions	**61,175**	**4,376,154**	56,990	4,076,761
Other personnel expenses	**123,263**	**8,817,594**	147,102	10,522,948
	643,688	**46,046,233**	679,508	48,608,617

The above employee benefits expense is included in General and Administrative expenses.

Included in the social security charges for 2016 is an amount of Euro 16,002 (Proforma Indian Rupees 1,145 thousand) and for 2015: Euro 14,727 (Proforma Indian Rupees 1,053 thousand) with respect to pension costs.

6.3 *Financial income and expenses*

	2016		2015	
	€	**Proforma Indian Rupees**	€	Proforma Indian Rupees
Interest and similar income	**0**	**0**	345	24,690
Bank cost and similar expense (incl. bank charges)	**(9,780)**	**(699,625)**	(9,437)	(675,103)
	(9,780)	**(699,625)**	(9,092)	(650,413)

6.4 *Income taxes*

The effective tax rate of 17.8% does not significantly differ from the nominal tax rate in The Netherlands.

6.5 *Average number of employees*

During the year 2016, the average number of employees, based on full time equivalents, was around 7 (2015: 7) all employed in the logistic services. There was no employee outside The Netherlands in 2016 and 2015, respectively.

7 Statutory rules concerning appropriation of result

According to Article 15, paragraph 2 of the Company's Articles of Association the profits, if any, are at the disposal of the General Meeting. The Company may distribute profits only if and to the extent that its shareholders equity exceeds the sum of the paid and called up part of the issued capital and the reserves which must be maintained by virtue of the law.

7.1 *Appropriation of the result for the financial year 2015*

The annual report 2015 is determined in the General Meeting. The General Meeting has determined the appropriation of the result in accordance with the proposal being made to that end.

7.2 *Proposed appropriation of the result for the financial year 2016*

The statutory directors propose that the result for the financial year 2016 amounting to Euro 110,331 (Proforma Indian Rupees 7,893 thousand) should be transferred to reserves without payment of dividend.

The financial statements do not yet reflect this proposal.

Signing of the financial statements

Breda, 31 January 2017

Statutory directors,

S.T. Yang J.D. Lee

Ssangyong European Parts Center B.V.

IABC 5253-5254

4814RD, Breda

The Netherlands

7.3 *Events after the balance sheet date*

There are no subsequent events after the balance sheet date affecting these financial statements.

OTHER INFORMATION

Independent auditor's report

Reference is made to the auditor's report as included hereinbefore.

DIRECTORS' REPORT

The Company

The Company was incorporated in Shanghai, China on 2nd December 2003 under the business license 310115400138400 and was a wholly owned subsidiary of Ssangyong Motor Company Limited ("SYMC").

The Company has a registered capital of RMB 30.0 million (INR 293 million), RMB 30.0 million (INR 293 million) was paid up to now.

Since August 2011, the Company has started its business operations as a national car sales distributor in China for SYMC.

The corporate representative is CHOI JOHNG SIK.

Highlights of Financial year 2016:

Revenue Growth

Revenue of the Company in 2016 stood at RMB 0.8 million (INR 8.1 million), which is a 88% decreased over that of the previous year resulting from decreased of CBU order volume in 2016.

SSANGYONG MOTOR (SHANGHAI) COMPANY LIMITED

Corporate representative:
Chol, Johng Sik
President

Place : Shanghai China
Date : 30th March 2017

AUDITOR'S REPORT

Ssangyong Motor (Shanghai) Co., Ltd:

We have audited the accompanying financial statements of Ssangyong Motor (Shanghai) Co., Ltd ("the Company"), which comprise the balance sheet as at 31 December 2016, and the income statement, the cash flow statement, the statement of changes in equity for the year then ended, and notes to the financial statements.

I. Management's responsibility for the financial statements

Management of the Company is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: (1) preparing the financial statements according to Chinese Accounting Standards for Business Enterprises, so as to present fairly the financial position, operating results and cash flows of the Company; and (2) designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

II. Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with PRC Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

III. Opinion

In our opinion, the financial statements give a true and fair view, in all material aspects, of the financial position of Ssangyong Motor (Shanghai) Co., Ltd as of 31 December 2016 and of its financial performance and its cash flows for the year then ended in accordance with Chinese Accounting Standards for Business Enterprises.

Shanghai Changhao Certified Public Accountants	CICPA:
Shanghai China	CICPA:
	January 14, 2017

BALANCE SHEET

Item	31 December 2016		31 December 2015	
	RMB	INR	RMB	INR
Current assets:				
Monetary funds	**15,331,483.43**	**149,941,907.95**	22,342,373.64	218,508,414.20
∆ Settlement reserve	–	–	–	–
∆ Lend-out fund	–	–	–	–
Financial assets held for trading	–	–	–	–
Notes receivable	–	–	–	–
Accounts receivable	**556,293.93**	**5,440,554.64**	22,587.13	220,902.13
Prepayments	–	–	–	–
∆ Insurance premium receivable	–	–	–	–
∆ Reinsurance receivable	–	–	–	–
∆ Reinsurance contract reserves receivable	–	–	–	–
Interest receivable	–	–	–	–
Dividends receivable	–	–	–	–
Other receivables	**1,264,728.66**	**12,369,046.29**	1,213,009.56	11,863,233.50
∆ Reverse buyback financial assets	–	–	–	–
Inventories	–	–	–	–
Including: raw materials	–	–	–	–
Commodities in stock (finished goods)	–	–	–	–
Non-current assets due within one year	–	–	–	–
Other current assets	–	–	–	–
Total current assets	**17,152,506.02**	**167,751,508.88**	23,577,970.33	230,592,549.83
Non-current assets:				
∆ Loans issued and money advanced	–	–	–	–
Financial assets available for sale	–	–	–	–
Investment held to maturity	–	–	–	–
Long-term accounts receivable	–	–	–	–
Long-term equity investments	–	–	–	–
Investment property	–	–	–	–
Original costs of fixed assets	**564,588.15**	**5,521,672.11**	576,498.15	5,638,151.91
Less: accumulated depreciation	**331,545.82**	**3,242,518.12**	263,452.62	2,576,566.62
Net values of fixed assets	**233,042.33**	**2,279,153.99**	313,045.53	3,061,585.28
Less: impairment provision of fixed assets	–	–	–	–
Net Amounts of fixed assets	**233,042.33**	**2,279,153.99**	313,045.53	3,061,585.28
Construction in progress	–	–	–	–
Materials held for construction	–	–	–	–
Fixed assets to be disposed of	–	–	–	–
Bearer biological assets	–	–	–	–
Oil and gas assets	–	–	–	–
Intangible assets	–	–	–	–
R&D expenditures	–	–	–	–
Goodwill	–	–	–	–
Long-term deferred expenses	–	–	–	–
Deferred tax assets	–	–	–	–
Other non-current assets	–	–	–	–
Including: authorized reserve supplies	–	–	–	–
Total non-current assets	**233,042.33**	**2,279,153.99**	313,045.53	3,061,585.28
Total Assets	**17,385,548.35**	**170,030,662.86**	23,891,015.86	233,654,135.11

Note: accounts with * are used for the consolidated financial statements only; accounts with ∆ are used for financial institutions only; accounts with # are used for foreign-invested enterprises only.

BALANCE SHEET

Item	31 December 2016		31 December 2015	
	RMB	INR	RMB	INR
Current Liabilities:				
Short-term borrowings	–	–	–	–
Δ Loans from the central bank	–	–	–	–
Δ Customer deposits and deposits from banks and other financial institutions	–	–	–	–
Δ Placements from banks and other financial institutions	–	–	–	–
Held-for-trading financial liabilities	–	–	–	–
Notes payable	–	–	–	–
Accounts payable	92,636.23	905,982.33	92,636.23	905,982.33
Advances from customers		–		–
Δ Financial assets sold under agreements to repurchase	–	–	–	–
Δ Fees and commissions payable	–	–	–	–
Employee benefits payable	–	–	–	–
Including: salaries payable	–	–	–	–
benefit costs payable	–	–	–	–
# including: employee incentive and benefit fund	–	–	–	–
Taxes and fees payable	2,430.00	23,765.40	5,270.50	51,545.49
Including: taxes payable	2,430.00	23,765.40	5,270.50	51,545.49
Interest payable	–	–	–	–
Dividends payable	2,493,514.56	24,386,572.40	2,493,514.56	24,386,572.40
Other payables	1,229,228.11	12,021,850.92	2,960,033.07	28,949,123.42
Δ Amounts payable under reinsurance contracts	–	–	–	–
Δ Insurance contract reserve	–	–	–	–
Δ Amounts received on trust for securities trading	–	–	–	–
Δ Amounts payable to clients under securities underwriting arrangements	–	–	–	–
Non-current liabilities due within one year	–	–	–	–
Other current liabilities	–	–	–	–
Total current liabilities	3,817,808.90	37,338,171.04	5,551,454.36	54,293,223.64
Non-current Liabilities:				
Long-term borrowings	–	–	–	–
Bonds payable	–	–	–	–
Long-term payables	–	–	–	–
Special payables	–	–	–	–
Provisions	–	–	–	–
Deferred tax liabilities	–	–	–	–
Other non-current liabilities	–	–	–	–
Including: authorized reserve funds	–	–	–	–
Total non-current liabilities	–	–	–	–

BALANCE SHEET

Item	31 December 2016		31 December 2015	
	RMB	INR	RMB	INR
Total Liabilities	**3,817,808.90**	**37,338,171.04**	5,551,454.36	54,293,223.64
OWNERS' EQUITY/SHAREHOLDERS' EQUITY				
Paid-in capital/Share capital	**30,000,000.00**	**293,400,000.00**	30,000,000.00	293,400,000.00
State capital	–	–	–	–
Including: state-owned corporate capital	–	–	–	–
Collective corporate capital	–	–	–	–
Corporate capital	–	–	–	–
Including: personal capital	–	–	–	–
Foreign capital	**30,000,000.00**	**293,400,000.00**	30,000,000.00	293,400,000.00
#Less: refund of capital	–	–	–	–
Net paid-in capital/share capital	**30,000,000.00**	**293,400,000.00**	30,000,000.00	293,400,000.00
Capital reserve	**184,216.66**	**1,801,638.93**	184,216.66	1,801,638.93
Less: Treasury shares	–	–	–	–
Special reserve	–	–	–	–
Surplus reserve	**2,047,327.05**	**20,022,858.55**	2,047,327.05	20,022,858.55
Including: statutory surplus reserve	**1,858,072.13**	**18,171,945.43**	1,858,072.13	18,171,945.43
Discretionary surplus reserve	**189,254.92**	**1,850,913.12**	189,254.92	1,850,913.12
#Reserve fund	–	–	–	–
#Venture expansion fund	–	–	–	–
#Refund of investment paid by profit	–	–	–	–
Δ General reserve	–	–	–	–
Unappropriated profit	**-18,663,804.26**	**-182,532,005.66**	-13,891,982.21	-135,863,586.01
Translation differences arising on translation of financial statements in foreign currencies	–	–	–	–
Total equity attributable to equity holders of the parent	**13,567,739.45**	**132,692,491.82**	18,339,561.50	179,360,911.47
*Minority interest	–	–	–	–
Total Owners' Equity	**13,567,739.45**	**132,692,491.82**	18,339,561.50	179,360,911.47
Total Liabilities and Owners' Equity	**17,385,548.35**	**170,030,662.86**	23,891,015.86	233,654,135.11

Note: accounts with * are used for the consolidated financial statements only; accounts with Δ are used for financial institutions only; accounts with # are used for foreign-invested enterprises only.

INCOME STATEMENT

Item	31 December 2016		31 December 2015	
	RMB	INR	RMB	INR
I. **Total operating income**	**828,284.01**	**8,100,617.62**	7,079,845.25	69,240,886.55
Including: Operating income	**828,284.01**	**8,100,617.62**	7,079,845.25	69,240,886.55
Including: income from major operations	**825,361.25**	**8,072,033.03**	7,075,407.60	69,197,486.33
Income from other operations	**2,922.76**	**28,584.59**	4,437.65	43,400.22
∆ Interest income	–	–	–	–
∆ Insurance premiums earned	–	–	–	–
∆ Fee and commission income	–	–	–	–
II. **Total operating costs**	**5,607,502.26**	**54,841,372.10**	21,205,201.77	207,386,873.31
Including: Operating costs		–		–
Including: major operating costs		–		–
Other operating costs	–	–	–	–
∆ Interest expenses	–	–	–	–
∆ Fee and commission expenses	–	–	–	–
∆ Surrenders of insurance policies	–	–	–	–
∆ Insurance claims and benefits (net of amounts recoverable from reinsurers)	–	–	–	–
∆ Changes in insurance reserve (net of reinsurers' share)	–	–	–	–
∆ Insurance policyholder dividends	–	–	–	–
∆ Expenses for inward reinsurance	–	–	–	–
Business taxes and levies	**38.63**	**377.80**	237.42	2,321.97
Costs of sales	**6,069,802.87**	**59,362,672.07**	21,977,208.68	214,937,100.89
Administration expenses	–	–	–	–
Including: research and development cost	–	–	–	–
Finance costs	**-462,339.24**	**-4,521,677.77**	-772,244.33	-7,552,549.55
Including: interest expenses		–		–
Interest income	**400,575.55**	**3,917,628.88**	719,363.01	7,035,370.24
Net losses from foreign exchange (gains indicated by "–")	**-67,254.16**	**-657,745.68**	-57,997.29	-567,213.50
Impairment losses on assets	–	–	–	–
Others	–	–	–	–
Add: Gains from changes in fair values(Losses are indicated by "–")	–	–	–	–
Investment income (Loss is indicated by "–")	–	–	–	–
Including: Income from investments in associates and joint ventures	–	–	–	–
∆ Foreign exchange gains (Losses are indicated by "–")	–	–	–	–

Note: accounts with * are used for the consolidated financial statements only; accounts with ∆ are used for financial institutions only.

INCOME STATEMENT

Item	31 December 2016		31 December 2015	
	RMB	**INR**	RMB	INR
III. Operating profit (Loss is indicated by "–")	**-4,779,218.25**	**-46,740,754.49**	-14,125,356.52	-138,145,986.77
Add: Non-operating income	**9,350.20**	**91,444.96**	227,824.51	2,228,123.71
Including: gains from disposal of non-current assets		**–**		–
Gains from exchange of non-monetary assets	**–**	**–**	–	–
Government grants	**3,702.82**	**36,213.58**	210,000.00	2,053,800.00
Gains from debt restructuring	**–**	**–**	–	–
Less: Non-operating expenses	**1,954.00**	**19,110.12**	700.20	6,847.96
Including: Losses from disposal of non-current assets	**1,954.00**	**19,110.12**	700.20	6,847.96
Losses from exchange of non-monetary assets	**–**	**–**	–	–
Losses from debt restructuring	**–**	**–**	–	–
IV. Total Profit (Total Loss is indicated by "–")	**-4,771,822.05**	**-46,668,419.65**	-13,898,232.21	-135,924,711.01
Less: Income tax expenses	**–**	**–**	–	–
V. Net profit (Net loss is indicated by "–")	**-4,771,822.05**	**-46,668,419.65**	-13,898,232.21	-135,924,711.01
Net profit attributable to owners of the parent	**-4,771,822.05**	**-46,668,419.65**	-13,898,232.21	-135,924,711.01
* Profit or loss attributable to minority interests	**–**	**–**	–	–
VI. Earnings per share:	**–**	**–**	–	–
Basic earnings per share	**–**	**–**	–	–
Diluted earnings per share	**–**	**–**	–	–
VII. Other comprehensive income	**–**	**–**	–	–
VIII. Total comprehensive income attributable to:	**-4,771,822.05**	**-46,668,419.65**	-13,898,232.21	-135,924,711.01
Owners of the parent	**–**	**–**	–	–
* Minority interests	**–**	**–**	–	–

Note: accounts with * are used for the consolidated financial statements only; accounts with Δ are used for financial institutions only.

CASH FLOW STATEMENT

Item	31 December 2016		31 December 2015	
	RMB	**INR**	RMB	INR
I. Cash Flows from Operating Activities:				
Cash receipts from the sale of goods and the rendering of services	**1,411,642.41**	**13,805,862.77**	10,072,661.24	98,510,626.93
Δ Cash receipts from the sale of goods and the rendering of services	**–**	**–**	–	–
Δ Net increase in loans from the central bank	**–**	**–**	–	–
Δ Net increase in placements from banks and other financial institutions	**–**	**–**	–	–
Δ Cash receipts from premiums under direct insurance contracts	**–**	**–**	–	–
Δ Net cash receipts from reinsurance business	**–**	**–**	–	–
Δ Net increase in policyholders' deposits and investment contract liabilities	**–**	**–**	–	–
Δ Net cash receipts from trading activities involving financial assets held for trading	**–**	**–**	–	–
Δ Cash receipts from interest, fees and commissions	**–**	**–**	–	–
Δ Net increase in placements received	**–**	**–**	–	–
Δ Net increase in funds raised under securities repurchase arrangements	**–**	**–**	–	–
Receipts of tax refunds	**–**	**–**	–	–
Other cash receipts relating to operating activities	**1,864,501.70**	**18,234,826.63**	934,391.45	9,138,348.38
Sub-total of cash inflows	**3,276,144.11**	**32,040,689.40**	11,007,052.69	107,648,975.31
Cash payments for goods purchased and services received	**–**	**–**	–	–
Δ Net increase in loans and advances to customers	**–**	**–**	–	–
Δ Net increase in deposits with the central bank and deposits with banks and other financial institutions	**–**	**–**	–	–
Δ Cash payments for claims and benefits under direct insurance contracts	**–**	**–**	–	–
Δ Cash payments for interest, fees and commissions	**–**	**–**	–	–
Δ Cash payments for insurance policyholder dividends	**–**	**–**	–	–
Cash payments to and on behalf of employees	**1,801,477.10**	**17,618,446.04**	3,045,069.06	29,780,775.41
Payments of all types of taxes	**838.63**	**8,201.80**	250,194.40	2,446,901.23
Other cash payments relating to operating activities	**8,544,342.75**	**83,563,672.10**	21,231,963.82	207,648,606.16
Sub-total of cash outflows	**10,346,658.48**	**101,190,319.93**	24,527,227.28	239,876,282.80
Net Cash Flow from Operating Activities	**-7,070,514.37**	**-69,149,630.53**	-13,520,174.59	-132,227,307.49

Note: accounts with Δ are used for financial institutions only.

CASH FLOW STATEMENT

Item	31 December 2016		31 December 2015	
	RMB	INR	RMB	INR
II. Cash Flows from Investing Activities:				
Cash receipts from disposals of investments	–	–	–	–
Cash receipts from returns on investments	–	–	–	–
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets	–	–	–	–
Net cash receipts from disposals of subsidiaries and other business units	–	–	–	–
Other cash receipts relating to investing activities	–	–	–	–
Sub-total of cash inflows	–	–	–	–
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	**7,630.00**	**74,621.40**	11,758.12	114,994.41
Cash payments to acquire investments	–	–	–	–
∆ Net increase in pledged loan	–	–	–	–
Net cash payments for acquisitions of subsidiaries and other business units	–	–	–	–
Other cash payments relating to investing activities	–	–	–	–
Sub-total of cash outflows	**7,630.00**	**74,621.40**	11,758.12	114,994.41
Net Cash Flow from Investing Activities	**-7,630.00**	**-74,621.40**	-11,758.12	-114,994.41
III. Cash Flows from Financing Activities:				
Cash receipts from investors making investment in the enterprise	–	–	–	–
Including: cash receipts from minorities making investment in subsidiaries	–	–	–	–
Cash receipts from borrowings	–	–	–	–
∆ Cash receipts from issue of bonds	–	–	–	–
Other cash receipts relating to financing activities	–	–	–	–
Sub-total of cash inflows	–	–	–	–
Cash repayments of amounts borrowed	–	–	–	–
Cash payments for distribution of dividends or profit or interest expenses		–	131,237.61	1,283,503.83
Including: payments for distribution of dividends or profit to minorities of subsidiaries	–	–	–	–
Other cash payments relating to financing activities	–	–	–	–
Sub-total of cash outflows	–	–	131,237.61	1,283,503.83
Net Cash Flow from Financing Activities	–	–	-131,237.61	-1,283,503.83
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	**67,254.16**	**657,745.68**	57,997.29	567,213.50
V. Net Increase in Cash and Cash Equivalents	**-7,010,890.21**	**-68,566,506.25**	-13,605,173.03	-133,058,592.23
Add: Opening balance of Cash and Cash Equivalents	**22,342,373.64**	**218,508,414.20**	35,947,546.67	351,567,006.43
VI. Closing Balance of Cash and Cash Equivalents	**15,331,483.43**	**149,941,907.95**	22,342,373.64	218,508,414.20

Note: accounts with ∆ are used for financial institutions only.

STATEMENT OF CHANGES IN OWNERS' EQUITY

Unit: INR

Item	31 December 2016																					
	Attributable to Owners of the Parent																		Minority Interests		Total Owner's Equity	
	Paid-in Capital/Share Capital		Capital Reserve		Less: Treasury Shares		Special Reserve		Surplus Reserve		Δ General Reserve		Unappropriated Profit		Others		Subtotal					
Column No.	1		2		3		4		5		6		7		8		9		10		11	
I. Closing balance of the preceding year	30,000,000.00	293,400,000.00	184,216.66	1,801,638.93	–	–	–	–	2,047,327.05	20,022,858.55	–	–	-13,891,982.21	-135,863,586.01	–	–	18,339,561.50	179,360,911.47	–	–	18,339,561.50	179,360,911.47
Add: Changes in accounting policies	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Corrections of prior period errors	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
II. Opening balance of the year	30,000,000.00	293,400,000.00	184,216.66	1,801,638.93	–	–	–	–	2,047,327.05	20,022,858.55	–	–	-13,891,982.21	-135,863,586.01	–	–	18,339,561.50	179,360,911.47	–	–	18,339,561.50	179,360,911.47
III. Changes for the year (decrease is indicated by "–")		–		–	–	–	–	–	–	–	–	–	-4,771,822.05	-46,668,419.65	–	–	-4,771,822.05	-46,668,419.65	–	–	-4,771,822.05	-46,668,419.65
(I) Net profit	–	–	–	–	–	–	–	–	–	–	–	–	-4,771,822.05	-46,668,419.65	–	–	-4,771,822.05	-46,668,419.65	–	–	-4,771,822.05	-46,668,419.65
(II) Other comprehensive income	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Subtotal of (I) and (II)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
(III) Owners' contributions and reduction in capital		–		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
1. Capital contribution from owners	–	–		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2. Share-based payment recognised in owners' equity	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3. Others	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
(VI) Special reserve	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
1. Withdrawn in the period	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2. Utilised in the period	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
(V) Profit distribution	–	–	–	–	–	–	–	–	–	–	–	–		–	–	–		–	–	–	–	–
1. Transfer to surplus reserve	–	–	–	–	–	–	–	–	–	–	–	–		–	–	–	–	–	–	–	–	–
Including: statutory surplus reserve	–	–	–	–	–	–	–	–	–		–	–		–	–	–	–	–	–	–	–	–
Discretionary surplus reserve	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
# Reserve fund	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
# Venture expansion fund	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
# Refund of investment paid by profit	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2. Transfer to general reserve	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3. Distributions to owners/ shareholders	–	–	–	–	–	–	–	–	–	–	–	–		–	–	–	–	–	–	–	–	–
4. Others	–	–	–	–	–	–	–	–	–	–	–	–		–	–	–	–	–	–	–	–	–
(VI) Transfers within owners' equity	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
1. Capitalisation of capital reserve	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2. Capitalisation of surplus reserve	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3. Loss made up by surplus reserve	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4. Others	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
IV. Closing balance of the year	30,000,000.00	293,400,000.00	184,216.66	1,801,638.93	–	–	–	–	2,047,327.05	20,022,858.55	–	–	-18,663,804.26	-182,532,005.66	–	–	13,567,739.45	132,692,491.82	–	–	13,567,739.45	132,692,491.82

Note: accounts with Δ are used for financial institutions only; accounts with # are used for foreign-invested enterprises only.

STATEMENT OF CHANGES IN OWNERS' EQUITY

Unit: INR

Item	31 December 2015																					
	Attributable to Owners of the Parent																		Minority Interests		Total Owner's Equity	
	Paid-in Capital/Share Capital		Capital Reserve		Less: Treasury Shares		Special Reserve		Surplus Reserve		∆ General Reserve		Unappropriated Profit		Others		Subtotal					
Column No.	1		2		3		4		5		6		7		8		9		10		11	
I. Closing balance of the preceding year	30,000,000.00	293,400,000.00	184,216.66	1,801,638.93	–	–	–	–	2,047,327.05	20,022,858.55	–	–	2,690,801.22	26,316,035.93	–	–	34,922,344.93	341,540,533.42	–	–	34,922,344.93	341,540,533.42
Add: Changes in accounting policies	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Corrections of prior period errors	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
II. Opening balance of the year	30,000,000.00	293,400,000.00	184,216.66	1,801,638.93	–	–	–	–	2,047,327.05	20,022,858.55	–	–	2,690,801.22	26,316,035.93	–	–	34,922,344.93	341,540,533.42	–	–	34,922,344.93	341,540,533.42
III. Changes for the year (decrease is indicated by "–")		–		–	–	–	–	–	–	–	–	–	-6,582,783.43	-162,179,621.94	–	–	-16,582,783.43	-162,179,621.95	–	–	-16,582,783.43	-162,179,621.95
(I) Net profit	–	–	–	–	–	–	–	–	–	–	–	–	-13,898,232.21	-135,924,711.01	–	–	-13,898,232.21	-135,924,711.01	–	–	-13,898,232.21	-135,924,711.01
(II) Other comprehensive income	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Subtotal of (I) and (II)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
(III) Owners' contributions and reduction in capital		–		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
1. Capital contribution from owners	–	–		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2. Share-based payment recognised in owners' equity	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3. Others	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
(VI) Special reserve	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
1. Withdrawn in the period	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2. Utilised in the period	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
(V) Profit distribution	–	–	–	–	–	–	–	–	–	–	–	–	-2,684,551.22	-26,254,910.93	–	–	-2,684,551.22	-26,254,910.93	–	–	-2,684,551.22	-26,254,910.93
1. Transfer to surplus reserve	–	–	–	–	–	–	–	–	–	–	–	–		–	–	–	–	–	–	–	–	–
Including: statutory surplus reserve	–	–	–	–	–	–	–	–	–		–	–		–	–	–	–	–	–	–	–	–
Discretionary surplus reserve	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
# Reserve fund	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
# Venture expansion fund	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
# Refund of investment paid by profit	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2. Transfer to general reserve	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3. Distributions to owners/ shareholders	–	–	–	–	–	–	–	–	–	–	–	–	-2,684,551.22	-26,254,910.93	–	–	-2,684,551.22	-26,254,910.93	–	–	-2,684,551.22	-26,254,910.93
4. Others	–	–	–	–	–	–	–	–	–	–	–	–		–	–	–	–	–	–	–	–	–
(VI) Transfers within owners' equity	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
1. Capitalisation of capital reserve	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2. Capitalisation of surplus reserve	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3. Loss made up by surplus reserve	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4. Others	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
IV. Closing balance of the year	30,000,000.00	293,400,000.00	184,216.66	1,801,638.93	–	–	–	–	2,047,327.05	20,022,858.55	–	–	-13,891,982.21	-135,863,586.01	–	–	18,339,561.50	179,360,911.47	–	–	18,339,561.50	179,360,911.47

Note: accounts with ∆ are used for financial institutions only; accounts with # are used for foreign-invested enterprises only.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

I. Company Profile

Ssangyong Motor (Shanghai) Co., Ltd ("Company") was funded and incorporated by Ssangyong Motor Company on December 2, 2003. The Company has obtained business license with registered number 310115400138400 from Shanghai Administration for Industry and Commerce. The company registered in China (Shanghai) free trade area, 500 grams of ice road, room 1209, the Company has a registered capital of RMB30,000,000.00 and a paid-in capital of RMB30,000,000.00, and its legal representative is CHOI JOHNG SIK.

In September 22, 2014 set up a Ssangyong Motor (Shanghai) Co., Ltd. Beijing branch, has been awarded by the Beijing Municipal Administration of industry and commerce registration numberforthe business license 110000450267570.Company registered in Beijing City, Chaoyang District, 32 Liangmaqiao Lu, 7layer 707-708.

Operation scope of the Company: import and exclusive distribution (excluding retail) of SSANG YONG automobiles with authorization of Ssangyong Motor Company; wholesale, commission agent (excluding auction), import/export of auto parts, chemicals (excluding dangerous goods, specialty chemicals, and precursor chemicals), and metallic tools, for autos, textiles, and lubricants used for autos, as well as related marketing, technical support, training services, and supporting services; enterprise management consulting, economic information consulting, and investment consulting; international trade within the Free Trade Zone, re-export trade, agent for trade between enterprises within the Free Trade Zone as well as trade within the Free Trade Zone, merchandized simple processing within the Free Trade Zone; and being agent for trade with non-Free-Trade-Zone-enterprises via domestic enterprises with import/export qualifications (not involving state-trading-goods; if involving any goods which require quota or license, application should be submitted as specified by competent regulations.) (If involving any goods which require administrative license, operate with relevant licenses).

II. Basis of preparation

The financial statements were prepared on a going concern basis in accordance with *Chinese Accounting Standards for Business Enterprises* and the Implementation Guide as well as *Chinese Accounting Standards for Small Enterprises*, subject to the following significant accounting policies and accounting estimates.

III. Statement of compliance

The financial statements have been prepared in accordance with Chinese *Accounting Standards for Business Enterprises* and *Chinese Accounting Standards for Small Enterprises*. The financial statements give a true and complete view of the financial position of the Company as of 31 December 2016, and of its financial performance and its cash flows for the year then ended.

IV. Significant accounting policies and accounting estimates

1. Accounting year

The Company's accounting year is the period starting from January 1 to December 31 of a calendar year.

2. Functional currency

The Company's functional currency is Renminbi (RMB). All amounts disclosed in Proforma Indian Rupees are Renminbi converted against a currency rate of Rupees(INR) 9.78=RMB 1.00.

3. Accounting basis and measurement basis

The Company adopts the accrual basis of accounting. Generally, the Company measures the accounting elements on the historical cost basis. In case the amount of any accounting elements can be reliably measured as required by *Chinese Accounting Standards for Business Enterprises*, such accounting elements are measured at replacement cost, net realizable value, present value, or fair value.

4. Accounting and translation of foreign currency transactions

(1) Translation of foreign currency transactions

Foreign currency transactions are initially recognized by applying the spot exchange rate at the date of the transaction, but foreign currency translations or transactions involving foreign currency translation are initially recognized by applying the exchange rate actually used.

(2) Accounting of monetary items and non-monetary items denominated in foreign currencies at the balance sheet date

Foreign currency monetary items are translated using the spot exchange rate at the balance sheet date. Exchange differences arising from the differences between the spot exchange rate prevailing at the balance sheet date and those spot rates used on initial recognition or at the previous balance sheet date are recognized in profit or loss, except that translation differences previous balance sheet date are recognized in profit or loss, except that translation differences arising from borrowings relating to the acquisition, construction or production of a qualifying asset as specified by *Chinese Accounting Standards for Business Enterprises No.17 – Borrowing Costs* are capitalized.

Foreign currency non-monetary items measured at historical cost continue to be translated at the spot exchange rates at the dates of the transactions, i.e. the amounts in functional currency shall remain unchanged.

Foreign currency non-monetary items measured at fair value are translated at the spot exchange rate on the date the fair value is determined. Difference between the adjusted functional currency amount and the original functional currency amount is treated as changes of fair value (including changes of exchange rate) and is recognized in profit and loss for the current period.

(3) Translation of financial statements denominated in foreign currency

Financial statements denominated in foreign currency are translated into Renminbi in accordance with the following requirements:

Assets and liabilities on the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date. All equity items except for "unappropriated profits" are translated at the spot exchange rates at the dates on which such items arose.

Income and expenses in the income statement are translated at the spot exchange rates at the dates of the transactions/an exchange rate that approximates the actual spot exchange rates at the dates of the transactions.

Translation differences arising from the foregoing financial statements translation are presented as a separate component of equity in the balance sheet.

Cash flow statement denominated in foreign currency is translated at the spot exchange rate at the date of the cash flow/an exchange rate that approximates the actual spot exchange rates at the date of the cash flow.

5. Recognition criteria of Cash and cash equivalents

(1) Cash comprises cash on hand and deposits that can be readily withdrawn on demand;

(2) Cash equivalents are short-term ("Short-term" usually refers to three months or less from the date of acquisition), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

6. Receivables

The individually significant receivables are tested separately for impairment. Where there is objective evidence that the receivables are impaired, the excess of the carrying amount over its present value of the future cash flows is recognized as the impairment losses, with provision made for bad debts. Receivables that are not impaired after separate testing are classified into several portfolios by credit risk characteristics, and the impairment losses are calculated at a certain proportion of balance of the receivables portfolios on balance sheet date, with provision made for bad debts.

Identification criteria of doubtful debts:

(1) Revoke or bankruptcy of debtor; debts cannot be settled through judicial process; debt clean-up costs exceed the amount of the debt;

(2) The debtor is faced with insolvency and closure caused by serious natural disaster and is unable to settle the debts in a short time;

(3) Ageing of the debts exceeds 3 years and there is conclusive evidence indicating the debts are not recovered.

7. Inventories

Inventories include raw material, material in transit, commodities in stock, and low-cost items.

Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other costs.

The Company adopts the weighted average cost formula to assign the actual costs of inventories and amortizes low-cost items and packaging materials by using immediate write-off method

The Company adopts the perpetual inventory system.

At the balance sheet date, inventories are measured at the lower of cost and net realizable value. When the circumstances that previously caused inventories to be written down below cost no longer exist, the amount of the write-down is reversed. The reversal is limited to the amount originally provided for the decline in value of inventories. The amount of the reversal is included in profit or loss for the current period.

If the cost of inventories is higher than the net realizable value, a provision for decline in value of inventories shall be recognized in profit or loss for the current period.

8. Fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that have useful lives more than one accounting year.

Fixed assets are recognized only when it is probable that economic benefits associated with the assets will flow to the Company and the cost of the assets can be measured reliably. Subsequent expenditures incurred for fixed assets that meet the recognition criteria are included in the cost of the fixed assets; meanwhile the carrying value of the replaced part are derecognized. Subsequent expenditures that fail to meet the recognition criteria are recognized in profit or loss in the period in which they are incurred.

Fixed assets are initially measured at cost while effect of any expected abandoning costs are considered. Generally, costs of fixed assets comprise the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use, such as delivery costs and installation costs. However, where payment for the purchase price of fixed assets are deferred beyond normal credit terms, cost of the fixed assets are determined based on the present value of the purchase price.

Straight-line method is applied for depreciation of fixed assets. Useful lives, estimated net residual value, and the depreciation rates of each type of fixed assets are as follows:

Type of fixed asset	Estimated net residual value (%)	Estimated useful life (year)	Annual depreciation rate
Office equipment	10	5	18%
Transport equipment	10	5	18%

Depreciation of fixed assets is provided monthly. Depreciation of a new fixed asset is not provided in the same month when it is added, but since the following month; depreciation of a fixed asset is still provided in the same month when it is abandoned, and the provision stops since the following month.

Where each part of a fixed asset has different useful lives or brings economic benefits to the Company in different patterns, different depreciation rates apply.

Depreciation policy for assets leased through finance lease is consistent with that for the Company's owned fixed assets. If there is reasonable certainty that the Company will obtain ownership of the leased asset by the end of the lease term, the leased asset is depreciated over its useful life. If there is no reasonable certainty that the Company will obtain ownership of the leased asset by the end of the lease term, the leased asset is depreciated over the shorter of the lease term and its useful life.

Useful lives, estimated net residual values, and depreciation methods of fixed assets are assessed at least at each financial year-end and adjustments are made when necessary.

9. Construction in progress

Costs of construction in progress are determined on the basis of actual expenditure of the construction, including any construction expenditures, capitalized borrowing costs before the construction has achieved the working condition for its intended use, and other related expenses.

Construction in progress is recognized as a fixed asset once it has achieved the working condition for its intended use.

10. Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance owned or controlled by the Company, including land use right and software.

Intangible assets are measured initially at cost. When it is probable that economic benefits associated with the intangible assets will flow to the Company and the cost of the assets can be measured reliably, expenditures incurred for intangible assets are included in the cost of the intangible assets; any other related expenditure is recognized in profit or loss in the period in which they are incurred.

Intangible assets with finite useful lives are amortized within their estimated useful lives by applying the straight-line method since the assets are available for use.

Useful lives and amortization methods of intangible assets are assessed at the end of the period and any changes are accounted for as changes of accounting estimates.

11. Long-term deferred expenses

Long-term deferred expense refers to expense that has occurred and that shall be borne by the current period and subsequent period and amortized during over-one-year period. Cost incurred for improvement of a fixed asset leased to the Company under operating lease is recognized as long-term deferred expenses and averagely amortized over the periods benefited from such costs. Start-up costs are recognized in profit or loss when they occur.

12. Impairment of assets

The Company adopts the following impairment policies, except for inventories, construction contracts, deferred tax, financial assets, and long-term equity investments which have no quoted price from an active market and whose fair value cannot be reliably measured:

The Company assesses at the balance sheet date whether there is any indication that an asset may be impaired. If any indication exists that an asset may be impaired, the Company estimates the recoverable amount of the asset. Goodwill arising in a business combination and an intangible asset with an indefinite useful life is tested for impairment annually, irrespective of whether there is any indication that the asset may be impaired.

The recoverable amount of an asset is the higher of its fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. If there is any indication that an asset may be impaired, recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Company determines the recoverable amount of the asset group to which the asset belongs. Identification of an asset group is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups.

If the recoverable amount of an asset or asset group is less than its carrying amount, the Company reduces the carrying amount to its recoverable amount. That reduction is recognized in profit or loss for the current period and a provision for impairment loss of the asset or asset group is recognized accordingly.

For the purpose of impairment testing, the Company allocates the carrying amount of goodwill on a reasonable basis to each of the related asset groups from the acquisition date. If it is not possible to allocate to the related asset groups, the Company allocates to each of the related sets of asset groups. Each of related asset groups or sets of asset groups is an asset group or set of asset group that is able to benefit from the synergies of the business combination and is not be larger than a reportable segment defined by the Company.

In testing asset groups or sets of asset groups with goodwill for impairment, if there is any indication that the related asset groups or sets of asset groups may be impaired, the Company first tests those asset groups or sets of asset groups to which goodwill has not been allocated. Then the Company recognizes any impairment losses after determining the recoverable amount and comparing it with the relevant carrying amount. After that, the Company tests those asset groups or sets of asset groups to which goodwill has been allocated, by comparing the carrying amount of such related asset groups or sets of asset groups with their recoverable amount. If the recoverable amount is less than the carrying amount, the Company first reduces the amount of impairment loss from the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then reduce from the carrying amount of other assets (other than goodwill) within the asset group or set of asset groups, pro rata on the basis of the carrying amount of each asset.

Once the foregoing asset impairment loss is recognized, it will not be reversed in a subsequent period.

13. Employee benefits

In the accounting period in which employees render services to the Company, the Company recognizes the employee benefits payable for the services as a liability.

The Company has attended the employee social insurance system, including basic pensions, medical insurance, housing fund, and etc., expenditures incurred are included in the cost of relevant assets or are recognized in profit or loss in the period in which they are incurred.

When the Company terminates the employment relationship with employees before the end of the employment contracts or provides compensation as an offer to encourage employees to accept voluntary redundancy, a provision is recognized for the compensation arising from termination of employment relationship with employees, provided that the Company has a formal plan for termination of employment relationship or has made an offer for voluntary redundancy, which will be implemented immediately, and that the Company cannot unilaterally withdraw from the termination plan or the redundancy offer.

Early retirement plan is also accounted for by using the same termination benefit principle. As for salaries and social insurances to be paid / contributed during the period starting from the day of terminating rendering services to the day of normal retirement for early-retired employees, the Company recognizes them in profit or loss for the current period (i.e. termination benefits) when they meet the reorganization conditions of provisions.

14. Provisions

An obligation related to a contingency is recognized as a provision when all of the following conditions are satisfied: the obligation is a present obligation of the Company; it is probable that an outflow of economic benefits will be required to settle the obligation; and the amount of the obligation can be measured reliably.

At the balance sheet date, the Company takes into consideration factors pertaining to a contingency such as the risks, uncertainties and time value of money and measures the provision at the best estimate of the expenditure required to settle the related present obligation.

Where all or part of the expenditure required for provision settlement is expected to be reimbursed by a third party, the reimbursement is recognized as a separate asset only when it is virtually certain that reimbursement will be received. The amount recognized for the reimbursement will not exceed the carrying amount of the provision.

15. Revenue

(1) Revenue from sale of goods

Only when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, the amount of revenue can be measured reliably, it is probable that the associated economic benefits will flow to the Company, and the associated costs incurred or to be incurred can be measured reliably, the Company recognizes revenue from sale of goods.

(2) Revenue from rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably at the balance sheet date, revenue associated with the transaction is recognized using the percentage of completion method. Stage of completion of such transactions is determined on the basis of surveys of work performed.

The outcome of a transaction involving the rendering of services can be estimated reliably when all of the following conditions are satisfied: the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the Company; the stage of completion of the transaction can be measured reliably; and the costs incurred and to be incurred for the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services cannot be estimated revenue is recognized to the extent of costs incurred that are expected to be recoverable and an equivalent amount is charged to profit or loss as service costs. If the costs incurred are not expected to be recoverable, the costs incurred are recognized in profit or loss for the current period and no service revenue is recognized.

(3) Revenue from royalties

The amount of royalties is determined on the accrual basis according to relevant contract or agreement.

(4) Revenue from interest

The amount of interest is determined according to the length of time for which the Company's monetary fund is used by others and the effective interest rate.

16. Leases

A finance lease is a lease that transfers in substance all the risks and rewards incidental to ownership of an asset. An operating lease is a lease other than a finance lease.

1. Accounting of operating leases as a lessee

The Company recognizes the lease payments under an operating lease on a straight-line basis over the lease term, and either includes in the cost of another related asset or charges to profit or loss for the current period.

2. Accounting of operating leases as a lessor

The Company recognizes the income from operating leases in profit or loss on a straight-line basis over the lease term.

3. Accounting of finance leases as a lessee

At the commencement of the lease term, the Company records the leased asset at an amount equal to the lower of the fair value of the leased asset and the present value of the minimum lease payments, each determined at the inception of the lease, and recognize a long-term payable at an amount equal to the minimum lease payments. The difference between the recorded amount of the leased asset and the recorded amount of the payable is accounted for as unrecognized finance charge. Unrecognized finance charge is allocated to each period during the lease term. The Company recognizes finance charge for the current period using the effective interest method.

17. Accounting of income tax

(1) Income tax expense

Income tax expense includes current tax and deferred tax of an enterprise.

Current/deferred tax expense or income is recognized in profit or loss, except that current tax and deferred tax arising from transactions or events which are directly recognized in owners' equity is recognized in owners' equity and that deferred tax arising from business combinations is adjusted to the carrying amount of the goodwill.

(2) Current income tax

At the balance sheet date, current income tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid (or recovered) according to the requirements of tax laws. Taxable profit is calculated on the basis of pre-tax profit adjusted according to tax laws.

(3) Deferred tax assets and deferred tax liabilities

As for differences between the carrying amount of certain assets or liabilities and their tax base as well as temporary differences between the carrying amount and tax base of those items that are not recognized as assets or liabilities but have a tax base that can be determined according to tax laws, the Company recognizes such differences as deferred tax assets and deferred tax liabilities by applying the balance-sheet-debt method.

At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, according to the requirements of tax laws.

At the balance sheet date, the Company assesses the carrying amount of a deferred tax asset. If it is probable that sufficient taxable profits will not be available in future periods to allow the benefit of the deferred tax asset to be utilized, the carrying amount of the deferred tax asset is reduced. Any such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

18. Uncertainty of significant accounting estimates

The following are other major sources of uncertainty of key assumptions and estimates of future events at the balance sheet date, and such uncertainty may cause significant adjustment to the carrying amounts of assets and liabilities in the next accounting year.

(1) Impairment provision of receivables

The Company provides for doubtful debts on the basis of recoverability of receivables. When any indication exists that receivables are not recoverable, provision for doubtful debts is required. Provision for doubtful debts requires professional judgment and estimation. Differences between the result of re-estimate and existing estimate may influence the carrying amount of receivables in the period the estimates change.

(2) Useful life and residual value of fixed assets

The Company estimates useful life and residual value of fixed assets on the basis of past experience with actual useful life and residual value of similar fixed assets. If the useful life of such fixed assets shortens, the Company increases their depreciation rate or disposes of obsolete/idle fixed assets.

(3) Income tax and deferred tax assets

Since certain issues relating to the enterprise income tax are not confirmed by the tax authority when the income tax is accrued, the Company follows existing tax laws and regulations to achieve reliable estimate and judgment for accrued income tax. Differences between the conclusion made by tax authority and the amount recognized by the Company will influence the income tax of the current period.

Deferred tax assets include asset impairment provision, deductible losses, warranty provision, and temporary difference between the carrying amount and tax base of expense relating to early retirement. All tax losses that are not deducted yet are recognized as deferred tax assets to the extent that it is probable that there is sufficient taxable profit to deduct the losses. Realization of deferred tax assets relies largely on the future taxable profit and the actual tax rate of the year in which temporary differences are reversed. Therefore, management is required to apply judgment to estimate the time and amount of future taxable profit, and together with tax planning, to decide the amount of deferred tax assets.

(4) Liability of early retirement benefits

The Company has recognized part of early retirement benefits as a liability. The amount of such benefits/liability are calculated and paid on the basis of several assumptions, including discount rate, benefit increase rate of relevant period, and other factors. Differences between the actual amount and the assumption are recognized as expense for the current year. Although management believes such assumptions are reasonable, past experience the Company relies on and changes of assumption premise will influence balances of expenses and liabilities relating to the Company retirement benefits.

V. Changes in accounting policies and accounting estimates, corrections of errors, and adjustment of other events

1. Changes in accounting policies

None

2. Changes in accounting estimates

None

3. Corrections of prior period errors and adjustment of other events

None

VI. Taxes

1. Value added tax

The Company calculates and pays value added tax on the basis of the added value of sold goods or rendered services using the tax rate of 6%.

2. Business tax

The Company calculates and pays business tax on the basis of the taxable revenue using the tax rate of 5%.Started in 2012, pays value added tax on the basis of the added value of sold goods or rendered services using the tax rate of 6%.

3. Urban maintenance and construction tax and education surtax

The Company calculates and pays urban maintenance and construction tax on the basis of paid turnover tax using the tax rate of 1%.

The Company calculates and pays education surtax on the basis of paid turnover tax using the tax rate of 3%.

The Company calculates and pays local education surtax on the basis of paid turnover tax using the tax rate of 2%.

The Company calculates and pays river management fee on the basis of paid turnover tax using the tax rate of 1%.

4. Enterprise income tax

The Company pays enterprise income tax on the basis of the taxable income using the tax rate of 25%.

VII. Notes to major items of the financial statements

Unless otherwise stated in the following notes, the currency of amounts is Indian Rupee, period beginning refers to January 1, 2016, period end refers to December 31, 2016, the prior period refers to year 2015, and the current period refers to year 2016.

1. Monetary funds

	31 December 2016		31 December 2015	
Item	**RMB**	**INR**	RMB	INR
Cash	**22,003.47**	**215,193.94**	35,510.50	347,292.69
Bank balances	**15,309,479.96**	**149,726,714.01**	22,306,863.14	218,161,121.51
Total	**15,331,483.43**	**149,941,907.95**	22,342,373.64	218,508,414.20

2. Accounts receivable

	31 December 2016			31 December 2015		
	Book balance		**Provision for doubtful debts**	Book balance		Provision for doubtful debts
Category	**RMB**	**INR**	**RMB**	RMB	INR	RMB
Account receivable for which doubtful debt provision is made using individual identification method	**556,293.93**	**5,440,554.64**	**–**	22,587.13	220,902.13	–
Account receivable for which doubtful debt provision is made using collective identification (ageing analysis) method	**–**	**–**	**–**	–	–	–
Total	**556,293.93**	**5,440,554.64**	**–**	22,587.13	220,902.13	–

Account receivable for which doubtful debt provision is made using individual identification method:

	31 December 2016			31 December 2015		
	Book balance		**Provision for doubtful debts**	Book balance		Provision for doubtful debts
Item	**RMB**	**INR**	**RMB**	RMB	INR	RMB
0-1 year	**556,293.93**	**5,440,554.64**	**–**	22,587.13	220,902.13	–
Total	**556,293.93**	**5,440,554.64**	**–**	22,587.13	220,902.13	–

3. Other receivables

	31 December 2016			31 December 2015		
	Book balance		**Provision for doubtful debts**	Book balance		Provision for doubtful debts
Category	**RMB**	**INR**	**RMB**	RMB	INR	RMB
Other receivables for which doubtful debt provision is made using individual identification method	**1,264,728.66**	**12,369,046.29**	**–**	1,213,009.56	11,863,233.50	–
Other receivables for which doubtful debt provision is made using collective identification (ageing analysis) method			**–**			–
Total	**1,264,728.66**	**12,369,046.29**	**–**	1,213,009.56	11,863,233.50	–

Other receivables for which doubtful debt provision is made using individual identification method:

	31 December 2016			31 December 2015		
	Book balance		**Provision for doubtful debts**	Book balance		Provision for doubtful debts
Item	**RMB**	**INR**	**RMB**	RMB	INR	RMB
0-1 year	**1,040,651.65**	**10,177,573.13**	**–**	986,932.55	9,652,200.34	–
1-2 year(s)	**25,000.00**	**244,500.00**	**–**	199,077.01	1,946,973.16	–
2-3 year(s)	**199,077.01**	**1,946,973.16**	**–**	27,000.00	264,060.00	–
Total	**1,264,728.66**	**12,369,046.29**	**–**	1,213,009.56	11,863,233.50	–

4. Fixed assets

Item	31 December 2015		Increase in current year		Decrease in current year		**31 December 2016**	
	RMB	INR	RMB	INR	RMB	INR	**RMB**	**INR**
I. The total of the original price...	576,498.15	5,638,151.91	7,630.00	74,621.40	19,540.00	191,101.20	**564,588.15**	**5,521,672.11**
Including: office equipment ..	205,125.15	2,006,123.97	7,630.00	74,621.40	19,540.00	191,101.20	**193,215.15**	**1,889,644.17**
Transport equipment	371,373.00	3,632,027.94	–	–	–	–	**371,373.00**	**3,632,027.94**
II. The total of the accumulated depreciation	263,452.62	2,576,566.62	85,679.20	837,942.58	17,586.00	171,991.08	**331,545.82**	**3,242,518.12**
Including: office equipment ..	129,758.22	1,269,035.39	18,832.00	184,176.96	17,586.00	171,991.08	**131,004.22**	**1,281,221.27**
Transport equipment	133,694.40	1,307,531.23	66,847.20	653,765.62	–	–	**200,541.60**	**1,961,296.85**
III. The total of the accumulated provision for impairment	–	–	–	–	–	–	**–**	**–**
Including: office equipment ..	–	–	–	–	–	–	**–**	**–**
Transport equipment	–	–	–	–	–	–	**–**	**–**
IV. The total of the carrying amount..................................	313,045.53	3,061,585.28	-78,049.20	-763,321.18	1,954.00	19,110.12	**233,042.33**	**2,279,153.99**
Including: office equipment ..	75,366.93	737,088.58	-11,202.00	-109,555.56	1,954.00	19,110.12	**62,210.93**	**608,422.90**
Transport equipment	237,678.60	2,324,496.70	-66,847.20	-653,765.62	–	–	**170,831.40**	**1,670,731.09**

5. Accounts payable

Ageing	**31 December 2016**			31 December 2015		
	RMB	**INR**	**Percentage (%)**	RMB	INR	Percentage (%)
0-1 year (including 1 year)	**–**	**–**	**–**	–	–	–
Over 3 years	**92,636.23**	**905,982.33**	**100.00**	92,636.23	905,982.33	100.00
Total	**92,636.23**	**905,982.33**	**100.00**	92,636.23	905,982.33	100.00

6. Employee benefits

Item	31 December 2015		Increase in current year		Amount paid in current year		**31 December 2016**	
	RMB	INR	RMB	INR	RMB	INR	**RMB**	**INR**
I. Salary, bonus, allowance and compensation	–	–	1,712,263.90	16,745,940.94	1,712,263.90	16,745,940.94	**–**	**–**
II. Employee benefit costs..........	–	–	–	–	–	–	**–**	**–**
III. Social insurance fees	–	–	–	–	–	–	**–**	**–**
IV. Housing funds	–	–	–	–	–	–	**–**	**–**
V. Union running costs and employee education costs.....	–	–	–	–	–	–	**–**	**–**
VI. Non-monetary benefits...........	–	–	–	–	–	–	**–**	**–**
VII. Termination benefits and early retirement compensation	–	–	–	–	–	–	**–**	**–**
Including: Compensation for terminating the employment relationship	–	–	–	–	–	–	**–**	**–**
Estimated expense paid for early retired employees	–	–	–	–	–	–	**–**	**–**
VIII. Others	–	–	–	–	–	–	**–**	**–**
Including: cash-settled share-based payment......................	–	–	–	–	–	–	**–**	**–**
Total	–	–	1,712,263.90	16,745,940.94	1,712,263.90	16,745,940.94	**–**	**–**

7. Taxes payable

Item	31 December 2015 RMB	31 December 2015 INR	Increase in current year RMB	Increase in current year INR	Amount paid in current year RMB	Amount paid in current year INR	**31 December 2016 RMB**	**31 December 2016 INR**
Value added tax.................	–	–	50,701.60	495,861.65	50,701.60	495,861.65	**–**	**–**
Business tax.......................	–	–	37.87	370.37	37.87	370.37	**–**	**–**
vehicle and vessel use tax	–	–	800.00	7,824.00	800.00	7,824.00	**–**	**–**
Urban maintenance and construction tax	–	–	0.38	3.72	0.38	3.72	**–**	**–**
Individual............................	5,270.50	51,545.49	35,351.00	345,732.78	38,191.50	373,512.87	**2,430.00**	**23,765.40**
income tax								
River management fee	–	–	0.38	3.72	0.38	3.72	**–**	**–**
Total....................................	5,270.50	51,545.49	86,891.23	849,796.23	89,731.73	877,576.32	**2,430.00**	**23,765.40**

8. Other payables

(1) Detail of other payables

Ageing	**31 December 2016 RMB**	**31 December 2016 INR**	**31 December 2016 Percentage (%)**	31 December 2015 RMB	31 December 2015 INR	31 December 2015 Percentage (%)
0-1 year (including one year)....................	**598,075.70**	**5,849,180.35**	**48.66**	2,884,033.07	28,205,843.42	97.43
1-2 year	**555,152.41**	**5,429,390.57**	**45.16**	2,000.00	19,560.00	0.07
2-3 year	**2,000.00**	**19,560.00**	**0.16**		–	
Over 3 years	**74,000.00**	**723,720.00**	**6.02**	74,000.00	723,720.00	2.50
Total..	**1,229,228.11**	**12,021,850.92**	**100.00**	2,960,033.07	28,949,123.42	100.00

(2) Other payables which are individually significant

Name of creditor	31 December 2016 RMB	31 December 2016 INR	Nature
Shanghai lvwei zhanlan ltd..	408,011.84	3,990,355.80	Current Account
Pangda Ssangyong (Beijing) Company	555,152.41	5,429,390.57	Current Account

9. Dividends payable

Item	31 December 2015 RMB	31 December 2015 INR	Increase in current year RMB	Increase in current year INR	Decrease in current year RMB	Decrease in current year INR	**31 December 2016 RMB**	**31 December 2016 INR**
Ssangyong Motor Company	2,493,514.56	24,386,572.40	–	–	–	–	**2,493,514.56**	**24,386,572.40**

10. Paid-in capital

Name investor	31 December 2015 Amount of investment RMB	31 December 2015 Amount of investment INR	31 December 2015 Percentage (%)	Increase in current year RMB	Increase in current year INR	Decrease in current year RMB	Decrease in current year INR	**31 December 2016 Amount of investment RMB**	**31 December 2016 Amount of investment INR**	**31 December 2016 Percentage (%)**
Ssangyong Motor Company.....................	30,000,000.00	293,400,000.00	100.00	–	–	–	–	**30,000,000.00**	**293,400,000.00**	**100.00**
Total	30,000,000.00	293,400,000.00	100.00	–	–	–	–	**30,000,000.00**	**293,400,000.00**	**100.00**

11. Capital reserve

Item	31 December 2015 RMB	31 December 2015 INR	Increase in current year RMB	Increase in current year INR	Decrease in current year RMB	Decrease in current year INR	**31 December 2016 RMB**	**31 December 2016 INR**
The capital premium...........	184,216.66	1,801,638.93	–	–	–	–	**184,216.66**	**1,801,638.93**
Total	184,216.66	1,801,638.93	–	–	–	–	**184,216.66**	**1,801,638.93**

12. Surplus reserve

Item	31 December 2015 RMB	31 December 2015 INR	Increase in current year RMB	Increase in current year INR	Decrease in current year RMB	Decrease in current year INR	**31 December 2016 RMB**	**31 December 2016 INR**
Statutory surplus reserve ...	1,858,072.13	18,171,945.43	–	–	–	–	**1,858,072.13**	**18,171,945.43**
Discretionary surplus reserve................................	189,254.92	1,850,913.12	–	–	–	–	**189,254.92**	**1,850,913.12**
Total	2,047,327.05	20,022,858.55	–	–	–	–	2,047,327.05	20,022,858.55

13. Unappropriated profits

Item	31 December 2016 RMB	31 December 2016 INR	31 December 2015 RMB	31 December 2015 INR
Closing Balance of previous year	**-13,891,982.21**	**-135,863,586.01**	2,690,801.22	26,316,035.93
Add: changes in accounting policies				
Corrections of prior period errors				
Opening Balance of current year	**-13,891,982.21**	**-135,863,586.01**	2,690,801.22	26,316,035.93
Increase of current year	**-4,771,822.05**	**-46,668,419.65**	-13,898,232.21	-135,924,711.01
including: net profit of current year	**-4,771,822.05**	**-46,668,419.65**	-13,898,232.21	-135,924,711.01
Other adjustments				
Decrease of current year			2,684,551.22	26,254,910.93
Including: Withdrawal of surplus reserve				
Withdrawal of common risks reserve				
Distribution of cash dividends			2,684,551.22	
Closing Balance of current year	**-18,663,804.26**	**-182,532,005.66**	-13,891,982.21	-135,863,586.01

14. Operating income

	31 December 2016				31 December 2015			
	RMB		**INR**		RMB		INR	
Item	**Income**	**Cost**	**Income**	**Cost**	Income	Cost	Income	Cost
Income From major operations	**825,361.25**		**8,072,033.03**	**–**	7,075,407.60		69,197,486.33	–
Income From other operations	**2,922.76**		**28,584.59**	**–**	4,437.65		43,400.22	–
Total	**828,284.01**		**8,100,617.62**	**–**	7,079,845.25		69,240,886.55	–

15. Finance expense

Item	31 December 2016 RMB	31 December 2016 INR	31 December 2015 RMB	31 December 2015 INR
Interest expense	**–**	**–**	–	–
Less: interest income	**400,575.55**	**3,917,628.88**	719,363.01	7,035,370.24
Loss from foreign exchange	**-67,254.16**	**-657,745.68**	-57,997.29	-567,213.50
Fees	**5,490.47**	**53,696.79**	5,115.97	50,034.19
Total	**-462,339.24**	**-4,521,677.77**	-772,244.33	-7,552,549.55

16. Non-operating income

Item	31 December 2016 RMB	31 December 2016 INR	31 December 2015 RMB	31 December 2015 INR
Government grants	**3,702.82**	**36,213.58**	210,000.00	2,053,800.00
Employee compensation		**–**	12,795.74	125,142.34
Other	**5,647.38**	**55,231.38**	–	–
Income tax fee income		**–**	5,028.44	49,178.14
Tax-exempt income		**–**	0.33	3.23
Total	**9,350.20**	**91,444.96**	227,824.51	2,228,123.71

17. Non-operating expense

Item	31 December 2016 RMB	31 December 2016 INR	31 December 2015 RMB	31 December 2015 INR
Loss on disposal of assets	1,954.00	19,110.12	700.20	6,847.96
Total	1,954.00	19,110.12	700.20	6,847.96

18. Notes to the cash flow statement

(1) Reconciliation of net profits to the cash flow from operating activities

Item	31 December 2016 RMB	31 December 2016 INR
1. Reconciliation of net profits to the cash flow from operating activities:	–	–
Net profits	-4,771,822.05	-46,668,419.65
Add: Provision for assets impairment		–
Depreciation of fixed assets, depletion of oil and gas assets and depreciation of bearer biological assets	85,679.20	837,942.58
Amortization of intangible assets	–	
Amortization of long-term deferred expenses	–	
Losses due to disposal of fixed assets, intangible assets and other long-term assets (Income shall be presented with the mark of "—")	1,954.00	19,110.12
Losses due to retirement of fixed assets (Income shall be presented with the mark of "—")	–	
Losses due to changes in fair value (Income shall be presented with the mark of "—")	–	
Finance expenses (Income shall be presented with the mark of "—")	-462,339.24	-4,521,677.77
Losses from investment (Income shall be presented with the mark of "—")	–	
Decrease in deferred tax assets (Increase shall be presented with the mark of "—")	–	
Increase in deferred tax liabilities (Decrease shall be presented with the mark of "—")	–	
Decrease in inventories (Increase shall be presented with the mark of "—")	–	
Decrease in operating receivables (Increase shall be presented with the mark of "—")	-585,425.90	-5,725,465.30
Increase in operating payables (Decrease shall be presented with the mark of ("—")	-1,730,804.96	-16,927,272.51
Others	392,244.58	3,836,151.99
Net Cash Flow from Operating Activities	-7,070,514.37	-69,149,630.54
2. Significant investing and financing activities not involving cash receipts or payments:	–	
Debt transferred to capital	–	
Convertible corporate bonds due within one year	–	
Leased fixed assets under finance lease	–	
3. Net changes in cash and cash equivalents:	–	
Closing balance of cash	15,331,483.43	149,941,907.95
Less: Opening balance of cash	22,342,373.64	218,508,414.20
Add: Closing balance of cash equivalents	–	
Less: Opening balance of cash equivalents	–	
Net Increase in Cash and Cash Equivalents	-7,010,890.21	-68,566,506.25

(2) Cash and cash equivalents

Item	**31 December 2016**		31 December 2015	
	RMB	**INR**	RMB	INR
I. Cash	**15,331,483.43**	**149,941,907.95**	22,342,373.64	218,508,414.20
Including: Cash on hand	**22,003.47**	**215,193.94**	35,510.50	347,292.69
Bank deposits that can be readily withdrawn on demand	**15,309,479.96**	**149,726,714.01**	22,306,863.14	218,161,121.51
Other monetary funds that can be readily withdrawn on demand	**–**	**–**	–	–
II. Cash equivalents	**–**	**–**	–	–
Including: Bond investment with a maturity of three months or less	**–**	**–**	–	–
III. Closing balance of cash and cash equivalents	**15,331,483.43**	**149,941,907.95**	22,342,373.64	218,508,414.20
Including: Cash and cash equivalents of the parent or subsidiaries within the group with restricted usage	**–**	**–**	–	–

VIII. Contingent events

As of December 31, 2016, the Company has no significant contingent events which require disclosure.

IX. Non-adjusting events after the balance sheet date

The Company has no non-adjusting events after the balance sheet date which require disclosure.

X. Related Party and Related-Party Transactions

(1) Profile of the Parent

Name of the Parent	Nature	Domicile
Ssangyong Motor Company	Foreign enterprise	Gyeonggi Province, South Korea

(2) Registered Capital of the Parent and Change of the Registered Capital

	31 December 2015	Increase in current year	Decrease in current year	**31 December 2016**
Parent	KRW	KRW	KRW	**KRW**
Ssangyong Motor Company	686,100,480,000.00	–	–	**686,100,480,000.00**

(3) Parent's proportion of ownership interest in the Company and change of the proportion

31 December 2015			Increase in current year			Decrease in current year		**31 December 2016**		
RMB	INR	Percentage (%)	RMB	INR	Percentage (%)	RMB	Percentage (%)	**RMB**	**INR**	**Percentage (%)**
30,000,000.00	293,400,000.00	100.00	–	–	–	–	–	**30,000,000.00**	**293,400,000.00**	**100.00**

(4) Related-Party Transactions

None.

XI. Other Significant Events

None.

XII. Approval of financial statements

The financial statements were approved at the General Manager conference of the Company on January 14. 2017.

Ssangyong Motor (Shanghai) Co., Ltd

January 14, 2017

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 MARCH 2017

The directors present their report and the financial statements for the period ended 31st March 2017.

Directors' responsibilities statement

The directors are responsible for preparing the Directors' Report and the financial statement in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statement for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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". Under company law the directors must not approve the financial statement 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 for the Company's financial statements 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.

Business review

The company was formed on 13th October 2015 and the product "e2o" was launched on 15th April 2016 at the Design Museum, London and subsequently in the 4 major UK Cities London, Birmingham, Bristol and Milton Keynes.

The e2o product is an all-electric "city" car, with accreditation gained from OLEV (Office for Low Emission Vehicles) at the DFT (Department for Transport) in the UK, thus qualifying for the UK Government PICG (Plug-In Car Grant). At Launch this set at £5,000 per vehicle, but reduced shortly after launch to £4,500 per vehicle following a review by the UK Government. All accredited plug-in battery electric vehicles qualified for the PICG.

The business model for the company was digital online based, representing a new approach to motor retailing in the UK. Allowing for test drives and vehicles orders to be booked and processed online 24/7. Test drives are completed at easily accessible venues in each of the represented cities for customer ease, with Demonstrator Product Specialists completing the test drives and product feature demonstrations. A team of Customer Consultants were also available 7 days a week online and via telephone to support every customer and assist with all bookings and orders.

As with the innovative sales business model, the aftersales care structure was aligned with this, operating a "remote servicing" facility, attending to customers remotely for all routine servicing and up to 95% of any potential warranty repairs 6 days a week. This is operated and managed by a UK appointed Mahindra Authorised Service Centre.

Major Achievements for the period ended 31st March 2017

- Through Company's unique digital sales & marketing model, coupled with dedicated events located at target customer venues, the Company has reached over 10 million customers.
- The Company has completed over 40 events at high footfall target customer venues.
- The Company has completed over 10,000 miles in e2o promotional city location "driverounds".
- The Company has received TWO awards in the period from leading EV industry organisations; 1) Commendation for the Best City Car Award from Next Green Car, and 2) Commendation for EV Manufacturer of the Year 2016 from Greenfleet.

Share capital

The Equity share capital of your Company is GBP 2,400,001.

Financial highlights

For the period ended 13 October 2015 to 31 March 2017:

	GBP	INR
Total Income	193,259	15,642,383
Profit before Depreciation & Taxation	(2,155,733)	(174,485,029)
Depreciation	(69,751)	(5,645,646)
Profit before Tax	(2,225,484)	(180,130,675)
Taxation	–	–
Loss for the Year	(2,225,484)	(180,130,675)
Loss carried to Balance Sheet	(2,225,484)	(180,130,675)

The financial Statement at March 31, 2017 highlight a loss equal to GBP 2,225,484 (INR 180,130,675) which represents an acceptable outcome taking into account that, your Company in new entrant in UK electric vehicle market and incurred substantial expenses on launch, website, advertisement & brand creation.

Directors

P N Shah (appointed 13 October 2015)

K C Doshi (appointed 13 October 2015, resigned 16 May 2016)

R S Dubash (appointed 24 March 2016)

D S Gill (appointed 16 May 2016)

B Moossaddee (appointed 16 May 2016)

S C Parkinson (appointed 16 May 2016)

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware on any relevant audit information and to establish that the company's auditor is aware of that information.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 17 May 2017 and signed on its behalf.

S C Parkinson
Director

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF MAHINDRA INTERNATIONAL UK LIMITED

We have audited the financial statements of **MAHINDRA INTERNATIONAL UK LIMITED** for the period ended 31 March 2017, set out on pages 6 to 16. 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 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 opinions we have formed.

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement on page 1, 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 profit or loss for the period 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.

Emphasis of matter

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2.2 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

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 period for which 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 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 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.

John Coverdale BSc FCA (Senior Statutory Auditor)

for and on behalf of
MHA MacIntyre Hudson

Chartered Accountants

New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ
Date: 18 May 2017

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED MARCH 31, 2017

	Note	2017 £	2017 INR
Turnover	4	107,319	8,686,400
Cost of sales		(117,580)	(9,516,925)
Exceptional cost of sales		(507,740)	(41,096,476)
Gross loss		(518,001)	(41,927,001)
Administrative expenses		(1,793,423)	(145,159,658)
Other operating income	5	85,940	6,955,984
Operating loss		(2,225,484)	(180,130,675)
Tax on loss		–	–
Loss for the period		(2,225,484)	(180,130,675)

There was no other comprehensive income for 2017.

S C Parkinson
Director

Date: 17 May 2017

The notes on pages herein form part of these financial statements.

BALANCE SHEET AS AT MARCH 31, 2017

	Note		2017 £		2017 INR
Current assets					
Stocks	11	507,740		41,096,476	
Debtors: amounts falling due within one year	12	160,354		12,979,053	
Cash at bank and in hand	13	86,741		7,020,817	
		754,835		61,096,345	
Creditors: amounts falling due within one year	14	(580,318)		(46,970,939)	
Net current assets			**174,517**		**14,125,406**
Total assets less current liabilities			**174,517**		**14,125,406**
Net assets			**174,517**		**14,125,406**
Capital and reserves					
Called up share capital	16		**2,400,001**		**194,256,081**
Profit and loss account			**(2,225,484)**		**(180,130,675)**
			174,517		**14,125,406**

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

S C Parkinson
Director

Date: 17 May 2017

The notes on pages herein form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017

1. General Information

Mahindra International UK Limited is a private company limited by shares, incorporated in England and Wales. The address of the registered office and the registration number are given in the company information page of these financial statements.

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 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

The directors do not consider the going concern basis to be appropriate and therefore these financial statements have been prepared on a basis other than that of a going concern. Fixed assets have been reclassified to current assets and stated at recoverable amount.

2.3 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. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- 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 Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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 attributable 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:

Plant and machinery	–	33%
Motor vehicles	–	50%
Fixtures and fittings	–	33%
Office equipment	–	33%
Computer equipment	–	33%

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 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.7 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.

2.8 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 insignificant risk of change in value.

2.9 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.

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 asset's 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, the 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.

2.10 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.

2.11 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of Comprehensive Income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.12 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. Nonmonetary 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.

2.13 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.14 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

No significant judgements have been made by management in preparing these financial statements.

4. Turnover

An analysis of turnover by class of business is as follows:

	2017	2017
	£	INR
Sales of electric cars	107,319	8,686,400
	107,319	8,686,400

An analysis of turnover by country of destination:

	2017	2017
	£	INR
United Kingdom	107,319	8,686,400
	107,319	8,686,400

5. Other operating income

	2017	2017
	£	INR
Other operating income	67,002	5,423,142
Government grants receivable	18,938	1,532,842
	85,940	6,955,984

6. Auditors' remuneration

	2017	2017
	£	INR
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	5,775	467,429
	5,775	467,429

7. Employees

The average monthly number of employees, including directors, during the period was 8.

8. Directors' remuneration

	2017	2017
	£	INR
Directors' emoluments	113,925	9,221,090
	113,925	9,221,090

9. Exceptional items

	2017	2017
	£	INR
Impairment of stock	507,740	41,096,476
	507,740	41,096,476

10. Tangible fixed assets

	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017
	Plant and Machinery	Plant and Machinery	Motor vehicles	Motor vehicles	Furniture and fittings	Furniture and fittings	Office equipments	Office equipments	Computer equipments	Computer equipments	Total	Total
	£	INR	£	INR	£	INR	£	INR	£	INR	£	INR
Additions	8,969	725,951	131,075	10,609,211	7,840	634,570	4,791	387,784	7,229	585,115	1,59,904	12,942,630
Disposals	–	–	–	–	–	–	–	–	(2,290)	(185,353)	(2,290)	(185,353)
Reclassified as current assets	(8,969)	(725,951)	(131,075)	(10,609,211)	(7,840)	(634,570)	(4,791)	(387,784)	(4,939)	(399,763)	(157,614)	(12,757,277)
At 31 March 2017	–	–	–	–	–	–	–	–	–	–	–	–
Charge for the period	3,355	271,554	61,344	4,965,183	2,178	176,287	1,341	108,541	1,533	124,081	69,751	5,645,646
Disposals	–	–	–	–	–	–	–	–	(140)	(11,332)	(140)	(11,332)
Reclassified as current assets	(8,949)	(724,332)	(127,275)	(10,301,639)	(6,645)	(537,846)	(3,541)	(286,609)	(4,144)	(335,415)	(150,554)	(12,185,841)
Impairment charge	5,594	452,778	65,931	5,336,455	4,467	361,559	2,200	178,068	2,751	222,666	80,943	6,551,526
At 31 March 2017	–	–	–	–	–	–	–	–	–	–	–	–
Net book value At 31 March 2017	–	–	–	–	–	–	–	–	–	–	–	–

11. Stocks

	2017	2017
	£	INR
Finished goods and goods for resale	507,740	41,096,476
	507,740	41,096,476

Stock recognised in cost of sales during the period as an expense was £ 117,580 (INR 9,516,925)

12. Debtors

	2017	2017
	£	INR
Trade debtors	88,118	7,132,271
Other debtors	47,552	3,848,859
Prepayments and accrued income	15,684	1,269,463
Grants receivable	9,000	728,460
	160,354	12,979,053

13. Cash and cash equivalents

	2017	2017
	£	INR
Cash at bank and in hand	86,741	7,020,817
	86,741	7,020,817

14. Creditors: Amounts falling due within one year

	2017	2017
	£	INR
Trade creditors	94,830	7,675,540
Amounts owned to group undertakings	421,982	34,155,223
Other taxation and social security	10,187	824,536
Other creditors	1,000	80,940
Accruals and deferred income	52,319	4,234,700
	580,318	46,970,939

15. Financial instruments

	2017	2017
	£	INR
Financial assets		
Financial assets measured at amortised cost	222,411	18,001,946
	222,411	18,001,946
Financial liabilities		
Other financial liabilities measured at amortised cost	5,17,812	41,911,703
	5,17,812	41,911,703

16. Share capital

	2017	2017
	£	INR
Shares classified as equity		
[Alloted, Called up and fully Paid]		
2,400,001 Ordinary shares of £1 each (INR 80.94 each)	2,400,001	194,256,081

17. Commitments under operating leases

At 31 March 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017	2017
	£	INR
Not later than 1 year	83,024	6,719,963
Later than 1 year and not later than 5 years	29,148	2,359,239
	112,172	9,079,202

18. Controlling party

The company's immediate parent undertaking is Mahindra Overseas Investment Company (Mauritius) Limited, a company incorporated in Mauritius. 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 publicly available from Gateway Building, Apollo Bunder, Mumbai 400 001, India.

DETAILED PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED MARCH 31, 2017

	Note	2017 £	2017 INR
Turnover		107,319	8,686,400
Cost of sales		(625,320)	(50,613,401)
Gross (loss)/profit		(518,001)	(41,927,001)
Other operating income		85,940	6,955,984
Administrative expenses		(1,793,423)	(145,159,658)
Tax on profit on ordinary activities		–	–
(Loss)/Profit for the period		(2,225,484)	(180,130,675)

S C Parkinson
Director

Date: 17 May 2017

SCHEDULE TO THE DETAILED ACCOUNTS FOR THE PERIOD ENDED MARCH 31, 2017

	2017 £	2017 INR
Turnover		
Sales	107,319	8,686,400
	107,319	**8,686,400**

	2017 £	2017 INR
Cost of sales		
Purchases	1,133,270	91,726,874
Closing stocks	(1,015,690)	(82,209,949)
Impairment of stock	507,740	41,096,476
	625,320	**50,613,401**

	2017 £	2017 INR
Other operating income		
Other operating income	67,002	5,423,142
Government grants receivable	18,938	1,532,842
	85,940	**6,955,984**

S C Parkinson
Director

Date: 17 May 2017

SCHEDULE TO THE DETAILED ACCOUNTS FOR THE PERIOD ENDED MARCH 31, 2017

	2017 £	2017 INR
Administrative expenses		
Directors salaries	113,925	9,221,090
Directors national insurance	14,740	1,193,056
Staff salaries	227,958	18,450,921
Staff national insurance	16,348	1,323,207
Motor running costs	4,722	382,199
Hotels, travel and subsistence	10,369	839,267
Printing and stationery	1,363	110,321
Postage	958	77,541
Telephone and fax	14,101	1,141,335
Advertising and promotion	817,655	66,180,996
Trade subscriptions	667	53,987
Legal and professional	100,813	8,159,804
Auditors' remuneration	5,775	467,429
Bank charges	1,177	95,266
Difference on foreign exchange	151	12,222
Sundry expenses	15,985	1,293,826
Rent	139,219	11,268,386
Rates	47,237	3,823,363
Service charges	12,648	1,023,729
Insurances	19,118	1,547,411
Repairs and maintenance	15,220	1,231,907
Depreciation	69,751	5,645,646
Impairment of tangible fixed assets	80,943	6,551,526
Profit/loss on sale of tangible assets	280	22,663
Recruitment	62,300	5,042,562
	1,793,423	**145,159,658**

S C Parkinson
Director

Date: 17 May 2017

BOARD OF DIRECTORS, PROFESSIONAL ADVISERS, ETC.

BOARD OF DIRECTORS:

DIRECTORS:

Mr Nikhil Madgavkar	Director (Indian)
Mr. Ashok Thakur	Director (Indian)

OFFICE ADDRESS:

3rd Floor,
68A Coscharis Plaza,
Adeola Odeku Street,
Victoria Island, Lagos.

SECRETARY:

Pinovn Nominees limited
20 Kwame Nkrumah Cresent
Asokoro
Abuja, Nigeria.

INDEPENDENT AUDITORS:

Grant Thornton Nigeria (Chartered Accountants)
3rd & 4th Floors
294 Herbert Macaulay
Way Sabo-Yaba
Lagos, Nigeria.

BANKER:

Sterling Bank PLC

DIRECTORS' REPORT

The directors submit their report together with the audited financial statements for the year ended 31 March 2017, which disclose the state of affairs of the company.

Legal Form

The company was incorporated in Nigeria under the Companies and Allied Matters Act 2004 as a Private Limited Liability Company on May 20, 2016. It commenced full operation in May 2016.

Principal Activity

The principal activity of the company is to assemble, buy, sell, distribute two, three or four wheeled vehicles, trucks, buses and any other vehicles of every kind and description, engines, generators, tractors(including implements), and construction equipments.

Directors

The directors who held office during the year and to the date of this report were:

Mr Nikhil Madgavkar	Director (Indian)	Board Chairman
Mr Ashok Thakur	Director (Indian)	Director

Directors interests in contracts

For the purpose of section 277 of the Companies and Allied Matters Act, CAP C20 LFN 2004, none of the directors has notified the company of any direct or indirect interest in contracts or proposed contracts with the company during the year.

Donations and Charitable Gifts

The company made donation of N100,000 to the Indian Culture Association.

Human Resources

Employment of Disabled Persons

The company continues to maintain a policy of giving fair consideration to the application for employment made by disabled persons with due regard to their abilities and aptitudes.

The company's policy prohibits discrimination of disabled person in the recruitment, training and career development of its employees. In the event of members of staff becoming disabled, efforts will be made to ensure that their employment with the company continues and appropriate training arranged to ensure that they fit into the company's working environment.

Health, Safety and welfare at Work

The company enforces strict health and safety rules and practices at work environment, which are reviewed and tested regularly. The company retains top-class private hospitals where medical facilities are provided for staff at the company's expense.

Fire prevention and fire-fighting equipment are installed in strategic locations within the company's premises.

Employee Involvement and Training

The company ensures, through various form, that employees are informed on matters concerning them. Formal and informal channels are also employed in communication with employees with an appropriate two-way feedback mechanism.

In accordance with the company's policy of continuous development, employees of the company are nominated to attend both locally and internationally organized courses. These are complemented by on-the job training.

AUDITORS

In accordance with Section 357(2) of the Companies and Allied Matters Act (CAP C20) 2004, Messrs. Grant Thornton (Chartered Accountants) were appointed as Auditors to the Company having indicated their willingness to do so.

LAGOS, NIGERIA. **BY ORDER OF THE BOARD**

Date:- 4th May 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 MARCH 2017

The Companies and Allied Matters Act, CAP C20 LFN 2004 requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the company at the end of each financial year and its profit or loss. The responsibilities include ensuring that the company:

- Keeps proper accounting records that disclose with accuracy, the financial position of the company and comply with the requirement of the Companies and Allied Matters Act;
- Establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- Prepares its financial statement using suitable accounting policies supported by reasonable and prudent judgement and estimates that are consistently applied

The Directors accept responsibility for the annual financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates in conformity with the International Financial Reporting Standards (IFRS) and the Companies and Allied Matters Act.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its profit or loss. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the company will not remain a going concern for at least twelve months from the date of this statement.

Nikhil Madgavkar	**Ashok Thakur**
Director	Director

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Mahindra West Africa Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Mahindra West Africa Limited** (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 present fairly, in all material respects, 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 (IFRSs), the Financial Reporting Council of Nigeria Act No. 6, 2011 and the provision of the Companies and Allied Matters Act, CAP C20 LFN, 2004.

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)*, 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 the financial statements in accordance with IFRSs, 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:

i) 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.

ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

iv) Conclude on the appropriateness of management's use of the going concern 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.

v) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transaction 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

The Companies and Allied Matters Act, CAP C20, LFN 2004 requires that in carrying out our audit we consider and report to you on the following mattes. We confirm that:

i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii) In our opinion, proper books of account have been kept by the company; and

iii) The Company's Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income are in agreement with the books of account.

Uchenna Okigbo, FCA
FRC/2016/ICAN/00000015653
FOR: GRANT THORNTON
(CHARTERED ACCOUNTANTS)

LAGOS, NIGERIA.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 ₦
Revenue	5	**32,462,534**
Other Income	6	**59,824,120**
		92,286,654
Less Expenses:		
Employee Cost	7	**(31,244,008)**
Administrative Expenses	9	**65,438,075**
Depreciation Expenses	10	**(4,693,622)**
Finance Cost	8	**(2,349,523)**
Operating Loss		**(11,438,574)**
Exchange Difference	11	**12,811,225**
Profit/(Loss) Before Taxation		**1,372,651**
Taxation	12, 13	**(619,907)**
Retained Profit for the Year		**752,744**
Earnings Per Share		
Earnings/(Loss) per share (Naira)		**0.02**

The Notes on subsequent pages form integral part of these fianancial statements

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Notes	2017 ₦
ASSETS		
NON CURRENT ASSETS		
Property, Plant & Equipment	14	**34,807,893**
		34,807,893
CURRENT ASSETS		
Receivable and Prepayments	15	**88,648,642**
Cash and Cash Equivalent	16	**8,672,415**
		97,321,057
TOTAL ASSETS		**131,128,950**
EQUITY AND LIABILITIES		
Equity Attributable to Owners		
Share Capital	18	**39,220,000**
Reserve	17	**21,254,000**
Retained Earnings		**752,744**
		61,226,744
NON CURRENT LIABILITIES	**13**	**321,306**
CURRENT LIABILITIES		
Trade and Other Payables	19	**39,372,444**
Bank Overdraft	20	**20,508,053**
Borrowing	20	**10,041,802**
Tax Payable	12	**298,601**
		70,580,900
TOTAL EQUITY AND LIABILITIES		**132,128,950**

The Notes on subsequent pages form integral part of these fianancial statements

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 MARCH 2017

	2017
	₦
Cash flows from operating activities	
Profit/(Loss) Before Tax	**1,372,651**
Adjustments:	
Depreciation	**4,693,622**
Operating Profit Before Working Capital Changes	**6,066,273**
Receivable and Prepayment	**(88,648,642)**
Trade Payables	**39,732,445**
	(48,916,198)
Tax Paid	**–**
Net Cash Flow from Operating Activities	**(42,849,925)**
Cash flow from Investing Activities:	
Purchase of Property, Plant and Equipment	**(39,501,515)**
Net Cash flow from Investing Activities	**(39,501,515)**
Cash Flow from Financing Activities:	
Issue of Share Capital	**39,220,000**
Exchange Gain on Equity	**21,254,000**
Bank Overdraft	**30,549,855**
Net Cash Flow from Financing Activities	**91,023,855**
Net Cash Flow for the year	**8,672,415**
Cash and Cash Equivalents at 1 April 2016	**–**
Cash and Cash Equivalents at 31 March 2017	**8,672,415**
Cash and Cash Equivalent Consist of :	
Bank	**8,672,415**

The Notes on subsequent pages form integral part of these fianancial statements

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

	Equity Share	Retained Earnings	Reserve	Total
	₦	₦	₦	₦
Year Ended 31 March 2017				
Balance at 1 April 2016	**39,220,000**	**–**	**21,254,000**	**60,474,000**
Profit/(Loss) for the year		**752,744**		**752,744**
Balance as at 31 March 2017	**39,220,000**	**752,744**	**21,254,000**	**61,226,744**

The Notes on subsequent pages form integral part of these fianancial statements.

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

1 Reporting Entity

The company was incorporated in Nigeria under the Companies and Allied Matters Act 2004 as a Private Limited Liability Company on 20 May 2016. It commenced full operation in June 2016. Its Authorised share capital was 200,000 ordinary shares of N196.10 each. The company is wholly owned by Mahindra & Mahindra South Africa. The company deals in sales of automobile and farm equipments.

2 Basis of Preparation

(a) Statement of Compliance

The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB").

The Financial Statements were authorized for issue by the Board of Directors of Mahindra West Africa Limited on 4th May, 2017

(b) Basis of Measurement

The Financial Statements have been prepared on the historical cost basis.

(c) Functional and Presentation currency

These Financial Statements are presented in Nigeria Naira which is the company's functional currency.

(d) 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.

The following are significant management judgements in applying the accounting policies of the entity that have the most significant effect on the financial statements.

i. Capitalisation of internally developed software

Distinguishing the research and development phases of a new customised software project and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

ii. Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the company's future taxable income against which the deferred tax assets can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

iii. 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.

iv. Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units 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.

v. Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

(e) Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, certain new IFRS standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the company. Management anticipates that all of the relevant pronouncements will be adopted in the company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the company's financial statements.

IFRS 9, 'Financial instruments', issued in July 2014 (effective 1 January 2018)

IFRS 9 introduces extensive changes to the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. The Standard also provides new guidance on the application of hedge accounting. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018.

IFRS 15, 'Revenue from Contracts with Customers', Issued: May 2014 (effective 1 January 2018)

IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principle based five-step model to be applied to all contracts with customers. IFRS 15 was issued in May 2014 and applies to an annual reporting period beginning on or after 1 January 2018.

IFRS 16, 'Leases', Issued: January 2016 (effective 1 January 2019)

IFRS 16 will replace IAS 17 and three related Interpretations. It completes the IASB's long-running project to overhaul lease accounting. Leases will be recorded on the statement of financial position in the form of a right-of-use asset and a lease liability. IFRS 16 is effective from period beginning on or after 1 January 2019. Management is yet to fully assess the impact of the Standard and therefore is unable to provide quantified information.

3 Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in the financial statements.

3.1 Revenue

Revenue represents the fair value of consideration received or receivable for services rendered, in the ordinary course of the entty's activities and is stated net of value added tax (VAT), rebates. The entity recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefit will flow to the entity and when specific criteria have been met for each of the entity's activities as described below:

Service revenue from commission income

Commission from sales of automobile and farm equipment for client are recognised at fair value of the consideration received or receivable, after deducting taxes, excise duties and similar levies, when sales have been made on behalf client based service agreement reached.

3.2 Administrative expenses

Administrative expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

3.3 Employee Benefits

(i) Pension fund obligations

A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity - Pension Fund Administrators (PFA) and has no legal or constructive obligations to pay further contributions. Obligations for contribution plans are recognised as personnel expenses in profit or loss in the periods during which related expenses are rendered. Contributions to a defined contribution plan that are due for more than 12 months after the end of the reporting period in which the employees render the service are discounted to their present value.

(ii) Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after service is rendered) such as paid vacation, leave pay, sick leave and bonuses are recognised in the period in which the service is rendered and is not discounted. The expected cost of short-term accumulating compensated absences is recognised as an expense as the employees render service that increases their entitlement or, in the case of non-accumulating absences, when the absences occur. The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Provisions for leave pay and bonuses are recognised as a liability in the financial statements.

3.4 Tax Expense

The tax expense represents the sum of the current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised directly in equity or in other comprehensive income.

(i) Current Tax

The current tax is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting year, and any adjustment to tax payable in respect of the previous years.

(ii) Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the company expects, at the end of the reporting year, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which it can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(iii) Tax Exposure

In determining the amount of current and deferred tax, the company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that caused the company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the year that such a determination is made.

3.5 Cash and Cash Equivalents

Cash and Cash Equivalents comprise of notes and coins on hand, demand deposits and other short term, highly liquid financial assets with original maturities of three months or less that are convertible to a known amount of cash which are subject to insignificant risk of changes in value, all of which are available for use by the company unless otherwise stated. In the statement of financial position, company overdrafts are included in current liabilities.

3.6 Trade Receivables

Trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the company does not intend to sell immediately or in the near term.

3.7 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

3.8 Property, Plant and Equipment

Land

Land held for use in production or administration is stated at cost amounts. As no finite useful life for land can be determined, related carrying amounts are not depreciated.

Buildings, IT equipment and other equipment

(i) Recognition and Measurement

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- The cost of material and direct labour;
- Any other costs directly attributable to bringing the assets to a working condition for their intended use;
- When the company has an obligation to remove the asset or restore the site, an estimate of the cost of dismantling and removing the items and restoring the site on which they are located; and
- Capitalised borrowing cost.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised within other income in profit or loss.

When parts of an item of property have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised within other income in profit or loss.

(ii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits of the expenditure will flow to the company. On-going repairs and maintenance are expensed as incurred.

(iii) Depreciation

Items of property and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the assets are completed and ready for use. Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight line basis over their estimated useful lives. Depreciation is recognised in profit or loss. Leased assets under finance leases are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The estimated useful life for the current and comparative years of significant items of property, plant and equipment are as follows:

– Motor Vehicles	4 years
– Furniture and Fittings	2 - 4 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.9 Share Capital

Ordinary Shares

Ordinary shares are classified as equity and (share capital) are recorded at the proceeds received net of incremental external costs directly attributable to the issue.

3.10 Financial Instruments

(i) Recognition and Measurement

Financial assets and financial liabilities are recognised in the statement of financial position when the company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at their fair value plus in the case of all financial assets not carried at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Purchases and sales of financial instruments are measured on a trade-date basis.

Financial liabilities and equity instruments, issued by the company, are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Financial assets are derecognised when and only when:

- The contractual rights to the cash flows from the financial assets expire; or
- The company transfers the financial asset, including substantially all the risks and rewards of ownership of the asset.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the contract is discharged, cancelled or has expired. The difference between the carrying amount of a financial liability (or part thereof) extinguished or transferred to another party and consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Investments made by company which are classified as either held at fair value through profit or loss or available-for-sale, and are measured at subsequent reporting dates at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values of quoted investments and unit trusts in active markets are based on current market prices. Since actual market prices are available in determining fair values, no significant estimates or valuation models are applied in determining the fair value of quoted financial instruments.

(ii) Fair Value Hierarchy

Fair values are determined according to the following hierarchy based on the requirements in IFRS 7 'Financial Instruments: Disclosures':

Level 1: Quoted market prices: financial assets and liabilities with quoted prices for identical instruments in active markets.

Level 2: Valuation techniques using observable inputs: quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial assets and liabilities valued using models where all significant inputs are observable.

Level 3: Valuation techniques using significant unobservable inputs: financial assets and liabilities valued using valuation techniques where one or more significant inputs are unobservable.

The best evidence of fair value is a quoted price in an active market. In the event that the market for a financial asset or liability is not active, a valuation technique is used.

(iii) De-recognition of Financial Instruments

Financial assets are derecognised when the contractual rights to receive cash flows from the investments have expired or on trade date when they have been transferred and the company has also transferred substantially all risks and rewards of ownership. Non-cash financial assets pledged, where the counterparty has the right to sell or re-pledge the assets to a third party, are classified as pledged assets.

Financial liabilities are derecognised when they are extinguished, that is when the obligation is discharged, cancelled or expires.

(iv) Financial Assets

Management determines the classification of financial assets at initial recognition; this classification depends on the nature and purpose of the financial asset. Financial assets are classified into the following categories:

- financial assets at fair value through profit or loss;
- trade receivables
- held-to-maturity and
- available-for-sale financial assets.

– Financial Assets at fair value through profit or loss

This category has two components: those held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of generating a profit from short-term fluctuation in price or a security is included in a portfolio in which a pattern of short-term profit taking exists or if so designated by management at inception as held at fair value through profit or loss.

Financial assets designated at fair value through profit or loss at inception are those that are:

Held to match liabilities that are linked to changes in fair value of these assets. The designation of these assets at fair value through profit or loss eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising gains and losses on them on different bases; or

Managed and whose performance is evaluated on a fair value basis. Information about these financial assets is provided internally on a fair value basis to the company's key management personnel.

– Trade Receivables

Trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These arise when the company provides money, goods or services directly to a customer with no intention of trading the receivable. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured on initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reductions for impairment of financial assets. The carrying amount represents its fair value.

– Available-for-sale

Available-for-sale instruments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices. Subsequent to initial recognition, financial assets classified as available -for -sale are measured at fair value on the statement of financial position.

– Held - to - Maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has both the positive intent and ability to hold to maturity. Held-to-maturity investments are carried at amortised cost, using the effective interest method, less any impairment losses.

(v) Financial Liabilities

Financial liabilities are recognised initially at fair value, generally being their issue proceeds net of transaction costs incurred. Financial liabilities are subsequently stated at amortised cost and interest is recognised over the period of the borrowing using the effective interest method.

The company classifies certain liabilities at fair value through profit or loss, mainly to match the accounting classification of assets with similar risks. Such liabilities are accounted for at fair value with changes in fair value recognised in profit or loss.

(vi) Gains and Losses

Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in profit or loss in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in comprehensive income, until the financial asset is derecognised or impaired at which time the cumulative gain or loss previously recognised in comprehensive income is recognised in profit or loss. Interest income, calculated using the effective interest method, is recognised in profit or loss except for short term receivables where the recognition of interest would be immaterial. Dividends on available -for-sale equity instruments are recognised in the profit or loss when the company's right to receive payment is established.

(vii) 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 on 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.

(viii) Offsetting of 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.

(ix) Impairment of Financial Assets

(i) Assets Carried at Amortised Cost

At each reporting date, the company assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event(s) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The company first assesses whether objective evidence of impairment exists individually for financial asset that are individually significant, and individually or collectively for financial assets that are not individually significant. If the company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it then includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment. If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the financial assets' original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

When a trade receivable is uncollectible, it is written off against the related provision for loan impairment. Such receivables are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for receivables allowance 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 (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The reverse shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Asset Carried at Fair Value

At each reporting date, the company assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determing whether the assets are impaired. If any such evidence exists for available -for-sale financial assets, the cumulative loss-measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from comprehensive income and recognised in profit or loss.

Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale are not subsequently reversed through profit or loss, any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income. However, if in a subsequent period the fair value of a debt instrument classified as available -for-sale increase and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

3.11 Provisions

Provisions are liabilities of uncertain timing or amount, and are recognized when the company has a present obligation as a result of a past event, and it is probable that the company will be required to settle that obligation. Provisions are measured at the director's estimate of the expenditure required to settle that obligation at the end of each reporting period, and are discounted (at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability) to present value where the effect is material.

Provisions are not recognised for future operating losses.

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. A provision is recognised even if the likelihood of an outflow with respect of any item included in the same class of obligations may be small.

3.12 Foreign Currency Transactions and Balances

Foreign Currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. The functional currency is the currency of the primary economic environment in which the entity operates, which is the Nigerian Naira.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end closing exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

At the end of each reporting year, 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 of historical cost in a foreign currency are not retranslated.

4 Financial Risk Management

(a) Introduction

The company uses its financial skills to provide competitive product pricing and delivery to a broad range of customers.

Risk Management is essential to help ensure business sustainability thereby providing customers and the shareholders with a long-term value proposition.

Key elements of risk management are:

- Strong corporate governance including relevant and reliable management information and internal control processes;
- Ensuring significant and relevant skills and services are available consistently to the company;
- Influencing the business and environment by being active participants in the relevant regulatory and business forums; and
- Keeping abreast of technology and consumer trends and investing capital and resources where required.

The overall company focus within an appropriate risk framework is to give value to the customers through effective and efficient execution of transactions.

The board of directors acknowledges its responsibility for establishing, monitoring and communicating appropriate risk and control policies.

(b) Significant Risks

The company has exposure to Significant Risks which are categorised as follows:

(i) Regulatory (capital adequacy, legal, accounting and taxation);

(ii) Business environment (reputation and strategic);

(iii) Operational (people, information technology and internal control processes);

(iv) Market (equity prices, interest rate and currency); and

(v) Liquidity

(c) Detailed Discussion of Significant Risks

(i) Regulatory Risk

Regulatory risk is the risk arising from a change in regulations in any legal, taxation and accounting pronouncements or specific industry that pertain to the business of the Company. In order to manage this risk, the Company is an active participant in the IT industry and engages in discussions with policy makers and regulators.

Legal Risk

Legal risk is the risk that the company will be exposed to contractual obligations which have not been provided for.

The company has a policy of ensuring all contractual obligations are documented and appropriately evidenced to agreements with the relevant parties to the contract.

All significant contracted claims are reviewed by independent legal resources and amounts are provided for if there is consensus as to any possible exposure. At 31 March 2016, the directors are not aware of any significant obligation not provided for.

Taxation Risk

Taxation risk is the risk of suffering a loss, financial or otherwise, as a result of an incorrect interpretation and application of taxation legislation or due to the impact of new taxation legislation on existing products.

Taxation risk occurs in the following key areas:

- Transactional risk;
- Operational risk;
- Compliance risk; and
- Financial accounting risk.

– Transactional Risk

The risk which concerns specific transactions entered into by the company, including restructuring projects and reorgnizations.

– Operational Risk

The underlying risks of applying tax laws, regulations and decisions to the day-to-day business operations of the company.

– Compliance Risk

The risk associated with meeting the company's statutory obligations.

– Financial Accounting Risk

The risk relates to the inadequacy of proper internal controls over financial reporting, including tax provisioning.

In managing the company's taxation risk, the company tax policy is as follows:

The company will fulfill its responsibilities under tax law in each of the jurisdictions in which it operates, whether in relation to compliance, planning or client service matters. Tax law includes all responsibilities which the company may have in relation to company taxes, personal taxes, capital gains taxes, indirect taxes and tax administration.

Compliance with this policy is aimed at ensuring that:

- All taxes due by the company are correctly identified, calculated, paid and accounted for in accordance with the relevant tax legislation;
- The company continually reviews its existing operations and planned operations in this context; and
- The company ensures that, where clients participate in company products, these clients are either aware of the probably tax consequences, or are advised to consult with independent professionals to assess these consequences, or both.

The identification and management of tax risk is the primary objective of the company tax function, and this objective is achieved through the application of a formulated tax risk approach, which measures the fulfillment of tax responsibilities against the specific requirements of each category of tax to which the company is exposed, in the context of the various types of activities the company conducts.

Accounting Risk

Accounting Risk is the risk that the company fails to explain the current events of the business in the financial statements.

Accounting risk can arise from the failure of management to:

- Maintain proper books and records, accounting system and to have proper accounting policies;
- Establish proper internal accounting controls;
- Prepare periodic financial statements that reflect an accurate financial position; and be transparent and fully disclose all important and relevant matters.

Measures to control accounting risk are the use of proper accounting systems, books and records based on proper accounting policies as well as the establishment of proper internal accounting controls. Proposed accounting changes are researched by accounting resources, and if required external resources, to identify and advise on any material impact on the company.

Financial statements are prepared in a transparent manner that fully discloses all important and relevant matters as well as accurately reflecting the financial position, results and cash flows of the company.

(ii) Business Environment

Reputational Risk

Reputational risk is the risk of loss caused by a decline in the reputation of the company or any of its specific business units from the perspective of its stakeholders, shareholders, customers, staff, business partners or the general public.

Reputational risk can both cause and result from losses in all risk categories such as market or credit risk.

– Strategic Risk

Strategic Risk is the risk of an unexpected negative change in the company value, arising from the adverse effect of executive decisions on both business strategies and their implementation.

This risk is a function of the compatibility between strategic goals, the business strategies developed to achieve those goals and the resources deployed to achieve those goals. Strategic risk also includes the ability of management to effectively analyse and react to external factors, which could impact the future direction of the relevant business units.

Company risk identifies and assesses both those risks qualitatively as part of a quarterly evaluation. On the basis of this evaluation, company risk creates an overview of local and global risks which also includes reputational risks, analyses the risk profile of the company and regularly informs directors and management.

(iii) Operational Risk

Operational Risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events.

The initiation of all transactions and their administration is conducted on the foundation of segregation of duties that has been designed to ensure materially the completeness, accuracy and validity of all transactions. These controls are augmented by management and executive review of control accounts and systems, electronic and manual checks and controls, back-up facilities and contingency planning. The internal control systems and procedures are also subjected to regular internal audit reviews.

(iv) Market Risk

Market risk includes asset liability matching risk, currency risk, interest rate risk and equity price risk.

The company is exposed to market risk through its financial assets and financial liabilities. The most important components of this risk are interest rate risk and market price risk. These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements.

Interest Rate and Market Price Risk

These risks have very different impacts on the various categories of business used in the company's Assets and Liabilities Management framework. Interest rate and market price risk have been discussed together since they interact on certain types of liabilities.

Interest Rate Risk

Interest rate risk is the risk that the value and cash flow of a financial instrument will fluctuate due to changes in market interest rates.

Equity Price Risk

Equity price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices.

Foreign Currency Risk

In respect of other monetary assets and liabilities held in currencies other than the Naira, the company ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates, where necessary, to address short-term balances.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a loss to the other party by failing to discharge an obligation.

Key areas where the company is exposed to credit risk are:

* Certain classes of financial assets such as bonds, term deposits, cash and cash equivalent; and
* Certain accounts within trade and other receivables.

Financial Assets

Various debt instruments are entered into by the company in order to invest surplus shareholders funds. The company is exposed to the issuer's credit standing on these instruments.

The following policy and procedure is in place to mitigate the company's exposure to this credit risk:

* Exposure to outside financial institutions concerning financial instrument is monitored in accordance with parameters which have been approved by the company's audit committee and the company's board.

Other Receivables

Investment sale debtors are protected by the security of the underlying investment not being transferred to the purchaser prior to payment.

Liquidity Risk

Liquidity risk is the risk that the company will encounter difficulty in raising funds to meet commitments associated with financial instruments.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Company Treasury maintains flexibility in funding by keeping committed credit lines available.

Sensitivities

Management applies a number of sensitivity tests to the earnings of the company to better understand the exposure to and importance of each of the main drivers of profitability.

IFRS 7 requires management to report on the changes in the net income after tax following "reasonable possible" changes in each of the factors to which the company is exposed. Management has set the upside and downside movements for each factor at a level which represents the amount by which management believes that factor could reasonably change over the year following the valuation date. These opinions have been informed by an analysis of historical one year changes in those factors. The upper and lower limits have been set at the 75th and 25th percentiles of observed changes as these bound and interval which may be expected to contain 50% of the changes in the coming year. Management believes this represents in some sense what is "reasonably possible", though it is important to note that this opinion is based on past experience and the tested range is not sensitive to all the relevant information in the market at the reporting date.

Management has considered the impact of upside and downside movements in foreign exchange rates. In relation to these sensitivities:

* The earnings are sensitive to changes in both the shape and level of the yield curve. Management has not considered changes in the shape of the yield curve due to several constraints although this may be reviewed in the following year.
* The foreign exchange movements have been considered together in the same sensitivity. Observed historic negative correlations between factors would tend to dampen the effects presented. These correlations are not very large and they have not been adjusted for. This treatment has resulted in the presentation of a slightly more extreme view of what could reasonably occur over the following year.

Future rates of expense inflation, catastrophes and tax assumptions were considered but no sensitivities are presented as it is unlikely, in management's opinion that, these assumptions will change over the following year.

It should be noted that each impact on profit after tax is shown individually for each sensitivity being changed, keeping all other assumptions constant. In practice this is unlikely to occur, as changes in some of the variables may be correlated.

		2017
		₦
5	**REVENUE**	
	Commission Income	**32,462,534**
		32,462,534

This represents 1.33% of revenues generated by Mahindra & Mahindra Ltd. (India) from its businesses in West African Countries

6	**OTHER INCOME**	
	Reimbursable Income	**59,803,876**
	Interest on Bank Deposit	**20,244**
		59,824,120

Reimbursable Income represents actual personnel costs of MWAL employees that are deputed by Mahindra & Mahindra Ltd. (India), including but not limited to daily allowance, rent, benefits etc.

7	**EMPLOYEE COST**	
	Daily Allowance	**31,244,008**
		31,244,008

Personnel cost relates to daily allowance incurred in retaining the existing personnel as well as hiring new ones.

8	**FINANCE COST**	
	Interest Expenses	**2,127,763**
	Facility Charges	**221,760**
		2,349,523

The finance cost relates to charges and interest on bank overdraft granted by Sterling Bank Plc.

9	**ADMINISTRATIVE EXPENSES**	
	Administrative expenses consist of the expenses listed below:	
	Audit Fees	**1,600,000**
	Rent	**22,609,375**
	Professional Fees	**16,696,315**
	Staff welfare	**2,057,700**
	Insurance	**182,232**
	Travelling Expenses	**11,688,997**
	Advertising	**395,300**
	Donations and contributions	**100,000**
	Hospitality Expenses	**1,195,501**
	Office Expenses	**7,114,833**
	Utility Expenses	**1,353,660**
	Bank Charges	**366,960**
	Miscellaneous - Others	**77,202**
		65,438,075
10	**DEPRECIATION EXPENSES**	**4,693,622**

Depreciation expenses represents a portion of the cost of plant and equipment that is matched in consideration to the useful life of the assets during the year.

		2017
		₦
11	**EXCHANGE DIFFERENCE**	
	Exchange Gain	**12,881,225**
		12,881,225
12	**TAX PAYABLE**	
	Provision for Tax - Current Tax	**298,601**
13	**Deferred Tax liability**	**321,306**

14 Property, Plant & Equipment

	MOTOR VEHICLE	FURNITURE & FITTING	TOTAL
	₦	₦	₦
COST			
As at 1 April 2016	–	–	
Additions during the year	17,590,000	21,911,513	–
As at 31 March 2017	**17,590,000**	**21,911,513**	**39,501,515**
DEPRECIATION			39,501,515
As at 1 April 2016	–	–	
Charge for the year	3,960,705	732,917	
As At 31 March 2017	**3,960,705**	**732,917**	**4,693,622**
CARRYING AMOUNT			
As At 31 March 2017	**13,629,295**	**21,178,598**	**34,807,893**

		2017
		₦
15	**RECEIVABLE AND PREPAYMENTS**	
15.1	Receivable	
	Trade Receivable	**63,823,355**
		63,823,355
15.2	**Prepayment**	
	Advances Rent	**24,178,125**
	Advance Car Insurance	**647,162**
		24,825,287
		88,648,642

All amounts are short-term. The net carrying value of trade receivables is considered to be at fair value.

	2017
	₦

16 CASH AND CASH EQUIVALENT

Cash and cash equivalents consist of:

	2017 ₦
Cash at Bank	**8,672,415**
	8,672,415

These comprise of balances in foreign currencies that are translated at the period end, using the interbank rate as at 31 March 2017.

17 SHARE CAPITAL

Authorised

	2017 ₦
200,000 Ordinary shares of ₦196.10 each	**39,220,000**

Issued and fully Paid

	2017 ₦
200,000 Ordinary shares of ₦196.10 each	**39,220,000**

The share capital of Mahindra West Africa Limited consists issued and fully paid ordinary shares with a nominal value of ₦196.10 each.

18 RESERVE

	2017 ₦
Exchange Gain on Equity	**21,254,000**

This represents an amount paid by the equity owners over and above the nominal value due to exchange rate fluctuation

19 TRADE AND OTHER PAYABLES

Trade and other payables consist of the following:

	2017 ₦
Trade Payables	**37,224,621**
Accruals	**2,507,824**
	39,732,445

The carrying amount of trade and other payables are considered to be at their fair values.

20 SHORT TERM BORROWINGS

	2017 ₦
Bank Overdraft	**30,549,855**

21 EMPLOYEES

The number of persons employed by the company during the year were 4.

22 SUBSTANTIAL INTEREST IN SHARES

	2017
Mahindra and Mahindra South Africa	**199,999**
Mr. Nikhil Madgavkar	**1**
	200,000

Authorization of Financial Statements

The financial statements for the year ended 31 March 2017 were approved by the board of directors on 4 May 2017.

STATEMENT OF VALUE ADDED FOR THE YEAR ENDED 31 MARCH 2017

	2017	
	₦	%
Revenue	**32,462,534**	
Bought in Goods and Services	**4,227,840**	
Value Added	**36,690,374**	**100**
Applied as follows:		
To Pay Employees:		
Salaries, Wages and Other Benefits	**31,244,008**	**85**
To Pay Government:		
Income and Education Taxes		
To Pay Providers of Capital:		
To pay interest		
Assets Replacement Provision:		
Depreciation and Amortization	**4,693,622**	**13**
To Provide for the Future:		
Retained Profit	**752,744**	**2**
	36,690,374	**100**

Value added represents the wealth created through the efforts of the company, its management and employees. The statement shows the distribution of the generated wealth amongst company employees, the government, providers of capital and amount retained for future creation of wealth.

Supplementary Information (Unaudited)

For the convenience of the readers of the financial statements, all items in the Statement of Comprehensive Income, Statement of Financial Position and Statement of Cash flows for the year ended March 31, 2017 have been translated from the Company's reporting Currency (Nigerian Niara "NGN") into Indian Rupees ("INR") using the exchange rate on March 31, 2017 of Naira 1 = INR 0.2119. This convenience translation should not be construed as a representation that the Niara amounts or the Indian Rupee amounts referred to have been, or could have been, or could in the future be converted into INR or NGN, as the case maybe, at this or at any other rate of exchange, or at all. The information presented below does not form part of the audited financial statements and does not conform to Nigerian accounting standards for private limited companies.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 ₦	2017 INR
Revenue	5	**32,462,534**	**6,878,811**
Other Income	6	**59,824,120**	**12,676,731**
		92,286,654	**19,555,542**
Less Expenses:			
Employee Cost	7	**(31,244,008)**	**(6,620,605)**
Administrative Expenses	9	**(65,438,075)**	**(13,866,328)**
Depreciation Expenses	10	**(4,693,622)**	**(994,579)**
Finance Cost	8	**(2,349,523)**	**(497,864)**
Operating Loss		**(9,380,874)**	**(1,987,807)**
Exchange Difference	11	**12,811,225**	**2,714,699**
Profit/(Loss) Before Taxation		**1,372,651**	**290,865**
Taxation	12, 13	**(619,907)**	**(131,358)**
Retained Profit for the Year		**752,744**	**159,506**
Earnings Per Share			
Earnings/(Loss) per share (Naira)		**0.02**	**0.02**

This page does not form part of the statutory fianancial statements

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Notes	2017 ₦	2017 INR
ASSETS			
NON CURRENT ASSETS			
Property, Plant & Equipment	14	**34,807,893**	**7,375,793**
		34,807,893	**7,375,793**
CURRENT ASSETS			
Receivable and Prepayments	15	**88,648,642**	**18,784,647**
Cash and Cash Equivalent	16	**8,672,415**	**1,837,685**
		97,321,057	**20,622,332**
TOTAL ASSETS		**132,128,950**	**27,998,125**
EQUITY AND LIABILITIES			
Equity Attributable to Owners			
Share Capital	18	**39,220,000**	**8,310,718**
Reserve	17	**21,254,000**	**4,503,723**
Retained Earnings		**752,744**	**159,506**
		612,262,744	**129,738,475**
NON CURRENT LIABILITIES	13	**321,306**	**68,085**
CURRENT LIABILITIES			
Trade and Other Payables	19	**39,732,445**	**8,419,305**
Bank Overdraft	20	**30,549,855**	**6,473,514**
Tax Payable	12	**298,601**	**63,274**
		70,580,900	**14,956,093**
TOTAL EQUITY AND LIABILITIES		**131,128,950**	**27,786,225**

This page does not form part of the statutory fianancial statements

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 MARCH 2017

	2017 ₦	2017 INR
Cash flows from operating activities		
Profit/(Loss) Before Tax	1,372,651	290,865
Adjustments:		
Depreciation	4,693,622	994,579
Operating Profit Before Working Capital Changes	5,635,655	1,194,195
Receivable and Prepayment	(88,648,642)	(18,784,647)
Trade Payables	39,732,445	8,419,305
	(48,916,198)	(10,365,342)
Tax Paid	–	–
Net Cash Flow from Operating Activities	(42,849,925)	(9,079,899)
Cash flow from Investing Activities:		
Purchase of Property, Plant and Equipment	(39,501,515)	(8,370,371)
Net Cash flow from Investing Activities	(39,501,515)	(8,370,371)
Cash Flow from Financing Activities:		
Issue of Share Capital	39,220,000	8,310,718
Exchange Gain on Equity	21,254,000	4,503,723
Bank Overdraft	30,549,855	6,473,514
Net Cash Flow from Financing Activities	91,023,855	19,287,955
Net Cash Flow for the year	8,672,415	1,837,685
Cash and Cash Equivalents at 1 April 2016	–	–
Cash and Cash Equivalents at 31 March 2017	8,672,415	1,837,685
Cash and Cash Equivalent Consist of :		
Bank	8,672,415	1,837,685

DIRECTORS' REPORT

1. Company Overview

SYAC, with its headquarters located in Pyeongtaek, was established by SYMC and KB Capital in October 2015 with a capital investment of 20 billion korean won (INR 1.1 billion) for a share ownership of 51% and 49% respectively. It is a captive finance company providing financing to customers of Ssangyong Motor Company for installment purchases of all vehicles. SYAC started operations in January of 2016 and employed 58 people including two executives as of December 2016.

2. Operation Overview

SYAC achieved financial sales of 858 billion won (INR 50 billion) in 2016, the first year of operation. This is 117% of the business plan's target 730 billion won (INR 42 billion). SYMC's share of financial sales also reached 64%, which is the level of major captive capital companies.

All the financial sales that SYAC handled in 2016 are new car finance. In 2016, financial sales consisted of Settlement installment with SYMC 580 bn (INR 33 billion) (68%), credit card-company linked installment of 190 bn (INR 11 bn) (22%), and auto loan by SYAC of 88 bn (INR 5 bn) (10%).

SYAC achieved high results by stabilizing sales process. and also contributed to the sales volume of SYMC by launching financial products on time.

3. Profit and Loss

SYAC achieved net profit of 6.9 billion won (INR 0.4 billion) in 2016, which was 2,796% of the business plan of 250 million won (INR 14 million). SYAC achieved excellent profit results through excellent sales performance, positive external factors, and appropriate use of SG&A expenses.

4. Financial Status

As of the end of 2016, total assets were 65 bn (biz plan 76 bn) won (INR 3.7 bn)(biz plan INR 4.4 bn) and total liabilities were 40 bn (biz plan 56 bn) won (INR 2.3 bn) (biz plan INR 3.2 bn).

The reasons for the lower total assets and total liabilities in comparison with the business plan are that the bonds were sold to KB Capital, the shareholder, through maximizing bond selling process.

As of the end of 2016, total equity is 26 bn won (INR 1.5 bn) (biz plan 20 bn) (INR 1.1 bn) through stabilization of sales process and bond selling process.

5. Future Business Plan

SYAC's 2017 business plan is to achieve financial sales of 900 bn won (INR 52.2 bn) and net profit 6.3 bn won (INR 0.4 bn).

In 2017, the automobile finance market has become more competitive due to the entry of card companies and bank into the market. This competition in the market has led to an increase in expenditure, which has worsened profitability. In addition, SYAC's net profit is expected to fall below the business plan, as the market interest rate, which directly affects profit and loss, has risen more than originally expected.

However, SYAC intends to operate in 2017 to defend profitability by increasing the amount of financial sales by developing competitive financial products. Through partnership with SYMC and KB Capital, we will contribute to SYMC's sales volume growth and maximize shareholder value.

6. Corporate Governance

1) Board of Directors (as of Mar. 31st, 2017)

– Composition of BOD

Name	BOD	Status	Remarks
Young-han Song	Chairman (Director)	Non-standing	SYMC
Jin-soo Park	Director (CEO)	Standing	SYAC CEO
Tumbe-Vasudev	Director	Non-standing	SYMC
Byung-ho Nam	Director	Non-standing	KB Capital
Soo-nam Hwang	Director	Non-standing	KB Capital

2) Annual Shareholders' Meeting

Classification	2017	2016
Date & time	Mar 17, 2017 10:00 AM	Mar 18, 2016 10:00 AM
Special resolutions	Revision of articles of incorporation	Revision of articles of director's retirement allowance
Financial Year	Jan 1 – Dec 31, 2016	Jan 1 – Dec 31, 2015
Date of Book Closure	Dec 31, 2016	Dec 31, 2015
Location	124, Teheran-ro, Gangnam-gu, Seoul, Meeting room of SY Auto Capital	

For and on behalf of the Board

Young-han Song
Chairman

Date:- 29.05.2017

INDEPENDENT AUDITOR'S REPORT

(English Translation of a Report Originally Issued in Korean)

To the Shareholders and Board of Directors of
SY Auto Capital Co., Ltd.

We have audited the accompanying financial statements of SY Auto Capital (the Company), which comprise the statement of financial position as of December 31, 2016 and 2015, the statement of comprehensive income, statements of changes in equity and cash flows for the year ended December 31, 2016 and the period from October 28, 2015 to December 31, 2015 and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards as adopted by the Republic of Korea ("Korean IFRS") and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with the Korean Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Company as of December 31, 2016 and 2015, and its financial performance and its cash flows for the year ended December 31, 2016 and the period from October 28, 2015 to December 31, 2015 in accordance with Korean IFRS.

Auditing standards and their application in practice vary among countries. The procedures and practices used in the Republic of Korea to audit such financial statements may differ from those generally accepted and applied in other countries.

The accompanying financial statements as of the years ended December 31, 2016 and 2015, have been translated into Indian rupee solely for the convenience of the reader and have been translated on the basis set forth in Note 2.3 to the financial statements.

Samil PricewaterhouseCoopers,
Seoul 04386, Korea

Seoul, Korea
March 8, 2017

This report is effective as of March 8, 2017, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2016 AND 2015

(In Korean won and Indian rupee)	**Notes**	**2016 (In Korean won)**	**2016 (In Indian rupee)**	2015 (In Korean won)	2015 (In Indian rupee)
Assets					
Cash and due from financial institutions	5,6,7	**6,033,164,506**	**339,667,162**	16,846,140,206	948,437,694
Loans and Receivables	4,5,6,8	**55,686,293,492**	**3,135,138,324**	–	
Property and equipment	9	**466,975,941**	**26,290,745**	405,077,241	22,805,849
Intangible Assets	10	**2,660,740,653**	**149,799,699**	–	
Other financial assets	4,5,6,11	**337,367,289**	**18,993,778**	2,333,803,891	131,393,159
Other assets	4,11,15	**107,008,698**	**6,024,590**	23,693,791	1,333,960
Total assets		**65,291,550,579**	**3,675,914,298**	19,608,715,129	1,103,970,662
Liabilities					
Borrowings	4,5,6,12	**30,000,000,000**	**1,689,000,000**	–	–
Net defined benefit liabilities	14	**192,024,412**	**10,810,974**	–	–
Other financial liabilities	4,5,6,13	**7,431,765,480**	**418,408,397**	90,320,015	5,085,017
Other liabilities	4,13	**310,259,965**	**17,467,636**	148,513,030	8,361,284
Current tax liabilities	15	**1,025,508,960**	**57,736,154**	–	–
Provisions		**21,058,976**	**1,185,620**	20,513,915	1,154,933
Total liabilities		**38,980,617,793**	**2,194,608,782**	259,346,960	14,601,234
Equity					
Share capital	16	**20,000,000,000**	**1,126,000,000**	20,000,000,000	1,126,000,000
Retained earnings (accumulated deficits)	16	**6,310,932,786**	**355,305,516**	(650,631,831)	(36,630,572)
Total equity		**26,310,932,786**	**1,481,305,516**	19,349,368,169	1,089,369,428
Total liabilities and equity		**65,291,550,579**	**3,675,914,298**	19,608,715,129	1,103,970,662

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

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2016 AND THE PERIOD FROM OCTOBER 28, 2015 TO DECEMBER 31, 2015

(In Korean won and Indian rupee)	Notes	**2016 (In Korean won)**	**2016 (In Indian rupee)**	2015 (In Korean won)	2015 (In Indian rupee)
Interest income		**897,491,533**	**50,528,773**	42,256,374	2,379,034
Interest expense		**(717,765,032)**	**(40,410,171)**		
Net interest income	5,6,17	**179,726,501**	**10,118,602**	42,256,374	2,379,034
Gain on disposal of loans and receivables		**16,849,723,789**	**948,639,449**	–	–
Loss on disposal of loans and receivables		**(157,608,032)**	**(8,873,332)**	–	–
Operating expense	18	**16,692,115,757**	**939,766,117**	–	–
Provision for impairment		**(167,423,436)**	**(9,425,939)**	–	–
Other operating income	20	**2,592,525,062**	**145,959,161**	–	–
Other operating expenses	20	**(2,718,000,306)**	**(153,023,417)**	–	–
General and administrative expenses	19	**(7,909,399,337)**	**(445,299,183)**	(692,798,717)	(39,004,568)
Operating profit(loss)		**8,669,544,241**	**488,095,341**	(650,542,343)	(36,625,534)
Non-operating income		**153,034,065**	**8,615,818**	–	–
Non-operating expense		**(697,211)**	**(39,253)**	(89,488)	(5,038)
Non-operating loss		**152,336,854**	**8,576,565**	(89,488)	(5,038)
Profit(loss) before income tax		**8,821,881,095**	**496,671,906**	(650,631,831)	(36,630,572)
Income tax expense		**1,860,316,478**	**104,735,818**	–	–
Profit(Loss) for the period		**6,961,564,617**	**391,936,088**	(650,631,831)	(36,630,572)
Other comperhensive income		**–**	**–**	–	–
Total comprehensive income for the period		**6,961,564,617**	**391,936,088**	(650,631,831)	(36,630,572)

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

STATEMENT OF CHANGES IN EQUITY YEAR FOR THE ENDED DECEMBER 31, 2016 AND THE PERIOD FROM OCTOBER 28, 2015 TO DECEMBER 31, 2015

(In Korean won and Indian rupee)	**Share capital**		**Retained earnings (accumulated deficits)**		**Total Equity**	
	(In Korean won)	(In Indian rupee)	(In Korean won)	(In Indian rupee)	(In Korean won)	(In Indian rupee)
Balance as of October 28, 2015.....	–	–	–	–	–	–
Capital contribution........	20,000,000,000	1,126,000,000	–	–	20,000,000,000	1,126,000,000
Loss for the period................	–	–	(650,631,831)	(36,630,572)	(650,631,831)	(36,630,572)
Balance as of December 31, 2015...	20,000,000,000	1,126,000,000	(650,631,831)	(36,630,572)	19,349,368,169	1,089,369,428

	Share capital		**Retained earnings (accumulated deficits)**		**Total Equity**	
	(In Korean won)	(In Indian rupee)	(In Korean won)	(In Indian rupee)	(In Korean won)	(In Indian rupee)
Balance as of January 1, 2016	20,000,000,000	1,126,000,000	(650,631,831)	(36,630,572)	19,349,368,169	1,089,369,428
Profit for the period	–	–	6,961,564,617	391,936,088	6,961,564,617	391,936,088
Decemer 31, 2016... **Balance as of**	20,000,000,000	1,126,000,000	6,310,932,786	355,305,516	26,310,932,786	1,481,305,516

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

STATEMENT OF CASH FLOWS YEAR FOR THE ENDED DECEMBER 31, 2016 AND THE PERIOD FROM OCTOBER 28, 2015 TO DECEMBER 31, 2015

(In Korean won and Indian rupee)	**Notes**	**2016 (In Korean won)**	**2016 (In Indian rupee)**	2015 (In Korean won)	2015 (In Indian rupee)
Cash flows from operating activities					
Cash generated from operations	21	**(38,746,995,911)**	**(2,181,455,870)**	(438,609,972)	(24,693,741)
Income tax paid		**(887,546,690)**	**(49,968,879)**	(3,678,230)	(207,084)
Interest paid		**(690,903,185)**	**(38,897,849)**	–	–
Interest received		**822,375,323**	**46,299,731**	40,094,468	2,257,319
Net cash outflow from operating activities		**(39,503,070,463)**	**(2,224,022,867)**	(402,193,734)	(22,643,507)
Cash flows from investing activities					
Acquisition of property and equipment	9	**(178,353,137)**	**(10,041,282)**	(398,426,060)	(22,431,387)
Acquisition of intangible assets	10	**(1,131,552,100)**	**(63,706,383)**	(2,135,540,000)	(120,230,902)
Increase in guarantee deposits		**–**	**–**	(217,700,000)	(12,256,510)
Net cash outflow from investing activities		**(1,309,905,237)**	**(73,747,665)**	(2,751,666,060)	(154,918,799)
Cash flows from financing activities					
Increase in borrowings	12	**30,000,000,000**	**1,689,000,000**	–	–
Capital contribution		**0**		20,000,000,000	1,126,000,000
Net cash outflow from ginancing activities		**30,000,000,000**	**1,689,000,000**	20,000,000,000	1,126,000,000
Net increase(decrease) in cash and cash equivalents		**(10,812,975,700)**	**(608,770,532)**	16,846,140,206	948,437,694
Cash and cash equivalents at the beginning of period		**16,846,140,206**	**948,437,694**	–	–
Cash and cash equivalents at the end of period		**6,033,164,506**	**339,667,162**	16,846,140,206	948,437,694

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

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2016 AND 2015

1. The Company

SY Auto Capital Co., Ltd.(the "Company") was established in October 28, 2015, and was registered with the Financial Services Commission under the Specialized Credit Financial Business Act on December 8, 2015. The Company engages in facility leasing and installment financing business. As of December 31, 2016, the Company's paid-in capital amounts to ₩ 20,000 million (INR 1,160 million). The main office is located in 455-12 Dongsak-ro, Pyeongtaek-si, Gyeonggi-do, Korea.

The Company's shareholders and their respective percentage of ownership as at December 31, 2016, are as follows.

	Number of shares owned	Percentage of ownership (%)
Ssangyong Motor Co., Ltd.	2,040,000	51.00%
KB Capital Co., Ltd.	1,960,000	49.00%
	4,000,000	100.00%

2. Significant Accounting Policies

The significant accounting policies applied in the preparation of financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1. Basis of Preparation

The Company maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language ("Hangeul") in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("Korean IFRS"). The accompanying financial statements have been condensed, restructured and translated into English from the Korean language financial statements.

Certain information attached to the Korean language financial statements, but not required for a fair presentation of the Company's financial position, financial performance or cash flows, is not presented in the accompanying financial statements.

The financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards as adopted by the Republic of Korea ("Korean IFRS" hereafter). These are the standards, subsequent amendments and related interpretations issued by the International Accounting Standards Board ("IASB") that have been adopted by the Republic of Korea.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.2. Changes in Accounting Policies and Disclosure

(a) *New and amended standards adopted by the Company*

The Company newly applied the following amended and enacted standards and interpretations for the annual period beginning on January 1, 2016, and this application does not have a material impact on the financial statements.

– Amendment to Korean IFRS 1001, *Presentation of Financial Statements*

Korean IFRS 1001, *Presentation of Financial Statements*, clarifies that the disclosed line items can be omitted, added and aggregated in the list according to their materiality. Requirements for presenting the share in the other comprehensive income of associates and joint ventures accounted for under the equity method are clarified. Also, additional requirements for disclosures in the notes and others are provided.

– Amendment to Korean IFRS 1016, *Property, Plant and Equipment*, and Korean IFRS 1041, *Agriculture and Fishing: Productive Plants*

'Bearer Plants' are excluded from the scope of Korean IFRS 1041, *Agriculture and Fishing: Productive Plants*, while they are included within the scope of Korean IFRS 1016, *Property, Plant and Equipment*.

– Amendment to Korean IFRS 1016, *Property, Plant and Equipment*, and Korean IFRS 1038, *Intangible assets: Amortization Based on Revenue*

The amendment clarified that revenue is an inappropriate basis for depreciation, unless there is an unusual circumstance in which intangible right is expressed as a measure of revenue.

– Amendment to Korean IFRS 1110, *Consolidated Financial Statements*, Korean IFRS 1112, *Disclosures of Interests in Other Entities* and Korean IFRS 1028, *Investments in Associates and Joint Ventures*

- Amendment to Korean IFRS 1110, *Consolidated Financial Statements*, clarifies that the exemption consolidation is applicable to a subsidiary whose parent company is an investment entity, and that a parent company that is an investment entity does not consolidate its subsidiaries in case a subsidiary itself meets the definition of an investment entity and renders services related to investing activities of its parent company.
- Amendment to Korean IFRS 1028, *Investments in Associates and Joint Ventures*, provides the exemption that, if an entity that is not itself an investment entity has an interest in an associate that is an investment entity, the entity may, when applying the equity method, does not need to make the associate's accounting policies conform to those of the entity.
- Amendment to Korean IFRS 1112, *Disclosures of Interests in Other Entities*, clarifies the scope of disclosures relating to an investment entity.

– Amendment to Korean IFRS 1111, *Joint Arrangements*

Korean IFRS 1111, *Joint Arrangements*, clarifies that an acquirer of an interest in a joint operation where the activities of the operation constitute a business is required to apply all of the principles of accounting for business combination.

– Annual Improvements to Korean IFRS 2012-2014 *Cycle*

- Amendment to Korean IFRS 1105, *Non-current Assets Held for Sale and Discontinued Operation*, clarifies that when an asset is reclassified from 'held for sale' to 'held for distribution' or vice versa, the existing accounting treatment should be retained.
- Amendment to Korean IFRS 1107, *Financial Instruments: Disclosures*, clarifies the specific guidance for transferred financial assets to help management determine whether the terms of a servicing arrangement constitute 'continuing involvement' and also clarifies that the additional disclosures relating to 2012 amendments 'Offsetting of Financial Assets and Financial Liabilities' only need to be included in interim reports if required by Korean IFRS 1034, *Interim Financial Reporting*.
- Amendment to Korean IFRS 1019, *Employee Benefits*, clarifies that the determination of

the discount rate for post-employment benefit obligations, it should be made based on the currency in which the liabilities are denominated, and not the country where they arise.

- Amendment to Korean IFRS 1034, *Interim Financial Reporting*, clarifies what is meant by the reference in the Standard to 'information disclosed elsewhere in the interim financial report' and adds a requirement to cross-reference from the interim financial statements to the location of that information.

– Amendment to Korean IFRS 1011, *Construction Contract*, Korean IFRS 1037 *Provisions, Contingent Liabilities and Contingent Assets*, and Interpretation 2115 *Arrangements for Property Construction:*

These standards and interpretation clarify the accounting information disclosure requirement for construction contracts. The accounting estimates and potential risk information of the construction contracts should be disclosed in detail by either individual construction or operating segment.

(b) New and amended standards and interpretations not yet adopted by the Company

New standards and interpretations issued, but not effective for the financial year beginning January 1, 2016, and not early adopted are set out below:

– Korean IFRS 1109, *Financial Instruments*

The new standard issued in December 2015 regarding financial instruments replaces Korean IFRS 1039, *Financial Instruments: Recognition and Measurement.*

Korean IFRS 1109, *Financial Instruments*, requires financial assets to be classified and measured on the basis of the holder's business model and the instrument's contractual cash flow characteristics. The Standard requires a financial instrument to be classified and measured at amortized cost, fair value through other comprehensive income, or fair value through profit or loss, and provides guidance on accounting for related gains and losses. The current impairment model is replaced to the expected credit loss model, and changes in those expected credit losses are recognized in profit or loss. The new standard is effective for the financial year initially beginning on or after January 1, 2018, but early adoption is allowed. Early adoption of only the requirements related to financial liabilities designated at fair value through profit or loss is also permitted. The Company is in the process of analyzing the effects resulting from the adoption of the new standard.

– Korean IFRS 1115, *Revenue from Contracts with Customers*

The new Standard for the recognition of revenue issued in December 2015 will replace Korean IFRS 1018, *Revenue*, Korean IFRS 1011, *Construction Contracts*, and related Interpretations.

Korean IFRS 1115, *Revenue from Contracts with Customers*, will replace the risk-and-reward model under the current standards and is based on the principle that revenue is recognized when control of goods or services transfer to the customer by applying the five-step process. Key changes to current practices include separate recognition of distinct goods or services in any bundled arrangement, constraint on recognizing variable consideration, recognizing revenue over time, and increased disclosures. The new Standard is effective for annual reporting period beginning on or after January 1, 2018, but early application is permitted. The Company is in the process of analyzing the effects resulting from the adoption of the new standard.

2.3. Foreign Currency Translation

(a) Functional and Presentation Currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which it operates ("the functional currency"). The financial statements are presented in Korean won, which is the Company's functional and presentation currency.

The Company operates primarily in Korea and its official accounting records are maintained in Korean won. The Indian rupee amounts are provided herein as supplementary information solely for the convenience of the reader. Korean won amounts are expressed in Indian rupee at the rate of ₩ 17.76 to Indian ` 1.00, at December 30, 2016. Such convenience translation into Indian rupee should not be construed as representations that the Korean won amounts have been, could have been, or could in the future be, converted at this or any other rate of exchange.

(b) Transactions and Balances

Foreign currency transactions are recognized by the functional currency with the exchange rate on the date of transactions or the rate on the valuation date in case of revaluation. Foreign exchange gains and losses resulting from the settlement of such transactions or from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized as profit or loss.

2.4. Financial Assets

(a) Recognition and Classification

The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, available-for-sale financial assets, loans and receivables, and held-to-maturity financial assets. Regular way purchases and sales of financial assets are recognized on trade date.

At initial recognition, the financial assets are measured at fair value. Except the financial assets at fair value through profit or loss, transaction costs are added to the initial fair value. The transaction costs of the financial assets at fair value through profit or loss are expensed during the period. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently measured at fair value after initial recognition. Loans and receivables and held-to-maturity financial assets are recognized at amortized cost using effective interest method.

The change in fair value of the financial assets at fair value through profit or loss is included in net income. Chance in fair value of available-for-sale financial assets are recognized as other comprehensive income and are recycled to profit or loss when the financial assets are impaired or disposed.

(b) Impairment

The Company assesses at the end of each reporting period whether there is an objective evidence that a financial asset or group of financial assets are impaired. A financial asset or a group of financial assets is impaired, if and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that is reliably estimated.

Impairment of loans and receivables is presented as a deduction in an allowance account. Impairment of other financial assets is directly subtracted from their carrying amount. The Company writes off financial assets when the assets are determined to be no longer recoverable.

The objective evidence of the impairments includes significant financial difficulty of the issuer or obligor with principal or interest payment more than six month overdue. In case of investment in equity instrument classified as an available-for sales financial assets, significant decline in fair value of more than 30% against original cost or prolonged decline for more than six months in a row against original cost are considered as the objective evidence of impairment.

(c) Derecognition

If the Company transfers the contractual rights to receive the cash flows of the financial asset, but retains substantially all the risks and rewards of ownership of the financial asset, the Company continues to recognize the whole transferred asset and recognize a financial liability for the consideration received.

(d) Offsetting

A financial asset and a financial liability are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The legally enforceable right to offset is not contingent upon subsequent events and is enforceable under any circumstances – under regular business, default or bankruptcy.

2.5. Property and Equipment

Property and equipment is presented in the cost less accumulated depreciation and accumulated impairment losses. The historical cost includes expenditure directly related to the acquisition of the property. Land is not depreciated whereas other property and equipment are depreciated using the straight-line method for their estimated useful lives. The depreciable amounts of the assets are acquisition costs less residual values.

The estimated useful lives of the assets are as follows:

	Estimated useful lives
Leasehold and improvement	5 years
Equipment	5 years

The residual value, the useful life and the depreciation method applied to an asset are reviewed at the end of each reporting period and, if expectations differ from previous estimates or if there has been a change in the expected pattern of consumption of the future economic benefits embodied in the asset, the changes are accounted for as a change in an accounting estimate.

2.6. Financial Liabilities

(a) Classification and measurement

Financial liabilities at fair value through profit or loss are financial instruments held for trading. Financial liabilities incurred principally for the purpose of repurchasing in near term is considered as the financial liabilities held for trading.

The Company classifies non-derivative financial liabilities, except for financial liabilities at fair value through profit or loss, financial guarantee contracts and financial liabilities that arise when a transfer of financial assets does not qualify for derecognition, as financial liabilities carried at amortized cost and presented as 'other financial liabilities' in the statement of financial position.

(b) Derecognition

Financial liabilities are derecognized from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired or when the terms of an existing financial liability are substantially modified.

2.7. Provisions

Provisions are measured at present value of expenditure that is expected to be spent to execute contracts. Increase of the provisions by the time value are recognized as interest expense.

2.8. Current and Deferred Tax

The tax expense for the period consists of current and deferred tax. Tax is recognized as profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively. The tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Management periodically evaluates tax policies that are applied in tax returns in which applicable tax regulation is subject to interpretation. The Company recognizes current income tax on the basis of the amount expected to be paid to the tax authorities.

Deferred tax is recognized for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts as expected tax consequences at the recovery or settlement of the carrying amounts of the assets and liabilities. However, deferred tax assets and liabilities are not recognized if they arise from the initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority where there is an intention to settle the balances on a net basis.

2.9. Revenue recognition

Revenue is recognized when the amount of revenue is reliably measurable, when it is probable that the economic benefits associated with the transaction will flow to the Company, and when the following requirements categorized by the Company level activity are fulfilled. Estimation is made based on the past information gathered such as the type of customer, transaction and individual trade requirement.

(a) Interest income and expense

Interest income and expenses are recognized using the effective interest method. Effective interest method is a method of calculating the amortized cost of a financial asset (or group of financial assets) and of allocating the interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument or, where appreciate, a shorter period, to the net carrying amount of the financial instrument. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts. In those rare cases when it is not possible to estimate reliably the cash flows or the expected life of a financial instrument (or group of financial instruments), the Company uses the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Interest on impaired financial assets (or group of financial assets) is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(b) Commission income

Financial service fees are recognized in accordance with the accounting standard of the financial instrument related to the fees earned, as followings.

- Fees that are an integral part of the effective interest of a financial instrument

  Those fees are generally treated as adjustments of effective interest rate. Such commissions may include compensation for activities such as evaluating the borrower's financial condition, evaluating and recording guarantees, collateral and other security arrangements, negotiating the terms of the instrument, preparing and processing documents and closing the transaction. However, fees relating to the creation or acquisition of a financial instrument at fair value through profit or loss are recognized as revenue immediately.

– Fees earned as services are provided

Those fees are recognized as revenue as the services are provided.

(c) Dividend income

Dividend income is recognized in profit or loss when the right to receive payment is established. Dividend income is recognized in statement of comprehensive income as a part of operating income.

2.10. Approval of Issuance of the Financial Statements

The issuance of the December 31, 2016 financial statements of the Company was approved by the Board of Directors on February 3, 2017, which is subject to change with approval of shareholders at the annual shareholders' meeting.

3. Significant Accounting Estimates and Assumptions

The preparation of financial statement requires certain accounting estimates and assumptions. Assumptions and estimates are assessed regularly given the future events reasonably foreseen by past experience and current situation. Management's estimates of outcomes may differ from actual outcomes.

(a) Income taxes

The Company recorded, based on its best estimate, current taxes and deferred taxes that the Company will be liable in the future. However, the final tax outcome in the future maybe different from the amounts that were initially recorded. Such differences will impact the current and deferred income tax assets and liabilities in the period in which actual tax return made.

(b) Fair value of financial instruments

In principles, fair values of financial instruments that does not have active markets are determined by valuation models. The Company choose an appropriate model and evaluate used assumptions at the end of each reporting period.

4. Financial Risk Management

4.1 Credit Risk

Credit risk refers the loss of the Company due to credit deterioration of contractual counterparties. The purpose of the credit risk management is to maintain the source of the credit risk and to optimize the return rate of the credit risk.

(a) Credit risk management

To measure the risk of credit risk, the Company considers the possibility of a breach of liability by the customer or contract obligations, the obligations of the trading partners, the bankruptcy rate of the trade partner and the insolvency rate.

(b) Management of credit line

The Company's management activities of credit limits include managing shared borrowers, total exposure, portfolio management calculating appropriate credit line.

(c) Maximum exposure to credit risk

The maximum amount of credit risk of financial assets shows the worst situation before considering the collateral or other credit enhancement.

The maximum amount of credit risk of a financial guarantee is the maximum amount to be paid by the claimant's claim. The maximum value of the credit risk without consideration of the collateral excluding equity securities as of December 31, 2016 and 2015, is as follows.

	2016		2015	
	(In thousands of Korean won)	***(In thousands of Indian rupee)***	*(In thousands of Korean won)*	*(In thousands of Indian rupee)*
Loans and receivables				
Loans	**55,853,120**	**3,144,531**	–	–
Other financial assets	**337,367**	**18,994**	198,264	11,162
	56,190,487	**3,163,525**	198,264	11,162
Provision for impairment	**(166,827)**	**(9,393)**	–	–
Total	**56,023,660**	**3,154,132**	198,264	11,162

(d) Credit risk of loans

Details of loans and the credit quality of loans as of December 31, 2016 are as follows.

(In thousands of Korean won)		**2016**	
	Retail	**Corporate**	**Total**
Loans neither overdue nor impaired	**52,077,720**	**3,365,550**	**55,443,270**
Overdue but not impaired Loans	**311,891**	**–**	**311,891**
Impaired Loans	**45,923**	**52,036**	**97,959**
	52,435,534	**3,417,586**	**55,853,120**
Provisions for impairment	**(137,439)**	**(29,388)**	**(166,827)**
Total	**52,298,095**	**3,388,198**	**55,686,293**

(In thousands of Indian rupee)		**2016**	
	Retail	**Corporate**	**Total**
Loans neither overdue nor impaired	**2,931,976**	**189,480**	**3,121,456**
Overdue but not impaired loans	**17,559**	**–**	**17,559**
Impaired Loans	**2,586**	**2,930**	**5,516**
	2,952,121	**192,410**	**3,144,531**
Provisions for impairment	**(7,738)**	**(1,655)**	**(9,393)**
Total	**2,944,383**	**190,755**	**3,135,139**

(i) Details of loans that are neither overdue nor impaired

Details of loans that are neither overdue nor impaired as of December 31, 2016, are as follows.

(In thousands of Korean won)		**2016**	
	Retail	**Corporate**	**Total**
Loans	**52,077,720**	**3,365,550**	**55,443,270**
Provisions for impairment	**(65,190)**	**(4,295)**	**(69,484)**
Total	**52,012,530**	**3,361,255**	**55,373,786**

(In thousands of Indian rupee)	2016		
	Retail	**Corporate**	**Total**
Loans	**2,931,976**	**189,480**	**3,121,456**
Provisions for impairment	**(3,670)**	**(242)**	**(3,912)**
Total	**2,928,306**	**189,238**	**3,117,544**

Credit qualities of loans that are neither overdue nor impaired as of December 31, 2016, are as follows.

(In thousands of Korean won)	2016		
	Carrying amount before provision for impairment	**Provisions for impairment**	**Carrying amount**
G1	**19,340,667**	**24,607**	**19,316,060**
G2	**16,531,498**	**20,885**	**16,510,613**
G3	**11,954,723**	**15,057**	**11,939,666**
G4	**4,194,999**	**5,293**	**4,189,706**
G5	**55,833**	**70**	**55,762**
Non grade	**3,365,550**	**3,571**	**3,361,979**
Total	**55,443,270**	**69,484**	**55,373,786**

(In thousands of Indian rupee)	2016		
	Carrying amount before provision for impairment	**Provisions for impairment**	**Carrying amount**
G1	**1,088,880**	**1,385**	**1,087,495**
G2	**930,723**	**1,176**	**929,547**
G3	**673,051**	**848**	**672,203**
G4	**236,178**	**298**	**235,880**
G5	**3,143**	**4**	**3,139**
Non grade	**189,481**	**201**	**189,280**
Total	**3,121,456**	**3,912**	**3,117,544**

The Company classifies loans into 5 internal grades reflecting the product's characteristic and management process of it. When the loan's grade could not be assessed due to the lack of information to analysis or is managed separately, the Company does not measure its internal grade.

(ii) Loans that are overdue but not impaired

Details of loans that are overdue but not impaired as of December 31, 2016 are as follows.

(In thousands of Korean won)	2016			
	Less than 30 days	**30-59 days**	**60-89 days**	**Total**
Retail	**200,167**	**109,758**	**1,966**	**311,891**
Corporate	**–**	**–**	**–**	**–**
	200,167	**109,758**	**1,966**	**311,891**
Provisions for impairment	**(15,592)**	**(33,935)**	**(915)**	**(50,442)**
Total	**184,575**	**75,823**	**1,051**	**261,449**

(In thousands of Indian rupee)	2016			
	Less than 30 days	**30-59 days**	**60-89 days**	**Total**
Retail	**11,269**	**6,179**	**111**	**17,559**
Corporate	**–**	**–**	**–**	**–**
	11,269	**6,179**	**111**	**17,559**
Provisions for impairment	**(878)**	**(1,910)**	**(52)**	**(2,840)**
Total	**10,391**	**4,269**	**59**	**14,719**

(iii) Impaired loan

Details of loans that are impaired as of December 31, 2016 are as follows.

(In thousands of Korean won)	2016		
	Retail	**Corporate**	**Total**
Loans	**45,923**	**52,036**	**97,959**
Provisions for impairment	**(21,809)**	**(25,092)**	**(46,901)**
Total	**24,114**	**26,943**	**51,058**

(In thousands of Indian rupee)	2016		
	Retail	**Corporate**	**Total**
Loans	**2,586**	**2,930**	**5,516**
Provisions for impairment	**(1,228)**	**(1,413)**	**(2,641)**
Total	**1,358**	**1,517**	**2,875**

(iv) Credit risk mitigation

A quantification of the extent to which collateral and other credit enhancements mitigate credit risk as of December 31, 2016, are as follows.

(In thousands of Korean won)	**Impaired loans**	**Non-impaired loans**		
	Collective assessment	**Overdue**	**Non overdue**	**Total amount**
Properties	**97,906**	**309,390**	**54,783,645**	**55,190,940**

(In thousands of Indian rupee)	**Impaired loans**	**Non-impaired loans**		
	Collective assessment	**Overdue**	**Non overdue**	**Total amount**
Properties	**5,512**	**17,419**	**3,084,319**	**3,107,250**

4.2. Market Risk

Market risk is the risk of possible losses which arise from changes in market factors such as interest rates, stock prices, and foreign exchange rates. Market risk is contingent upon changing interest rates and exchange rates for unsettled financial instruments, and all contracts are subject to varying levels of volatility, depending on credit spread, foreign exchange rate and interest rates.

(a) Market risk management

Market risk management refers to the process of determining risks by identifying risk factors, assessing the size of the risk and feasibility, and avoiding risk.

(b) Exposure to market risk

(i) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flow due to volatility in market interest rates. The contents of financial assets and liabilities exposed to interest rate risk as of December 31, 2016 are as follows.

(In thousands of Korean won)	Within 3 months	4-6 Months	7-9 Months	10-12 Months	1-5 Years	Over 5 years	Total
Loans and receivables	3,241,181	3,380,973	3,409,163	3,445,412	40,516,896	1,197,315	55,190,940
Borrowings	–	10,000,000	–	–	–	–	10,000,000

(In thousands of Indian rupee)	Within 3 months	4-6 Months	7-9 Months	10-12 Months	1-5 Years	Over 5 years	Total
Loans and receivables	182,478	190,349	191,936	193,977	2,281,101	67,409	3,107,250
Borrowings	–	563,000	–	–	–	–	563,000

(c) Sensitivity analysis

(i) Interest rate risk

The Company manages interest rate risk of all financial assets and liabilities excluding those are managed for price fluctuation risk. The effect of 100bp shift of interest rate with all other variables held constant for the year ended December 31, 2016 are as follows.

	2016			
	100bp increase		100bp decrease	
	(In thousands of Korean won)	*(In thousands of Indian rupee)*	*(In thousands of Korean won)*	*(In thousands of Indian rupee)*
Interest income	39,970	2,250	(39,970)	(2,250)
Interest expense	100,000	5,630	(100,000)	(5,630)

(ii) Stock price risk

There is no financial asset exposed to stock price risk at the end of the reporting period.

(iii) Foreign exchange rate risk

There is no financial asset exposed to foreign exchange rate risk at the end of the reporting period.

4.3. Liquidity Risk

Liquidity risk is defined as non-payment of financial liabilities at maturity.

(a) Liquidity Risk Management

Liquidity risk management is an effort to avoid loss caused by lack of funds using effective management of liquidity, resulting in insufficient liquidity due to asset, liabilities mismatch, or unexpected outflow of funds. All assets and liabilities in the statement of financial position and off-balance items are subject to liquidity risk management.

The Company manages liquidity risks by grouping assets and liabilities into account units according to the characteristics of each account, and by checking the gap rate and gap ratios by various time intervals (e.g., depending on the duration of the contract), and keeping the gap ratios within the preset ratios.

(b) Cash flow of Non-derivative financial instruments

The following table details the contractual maturity of the Company's non-derivative financial liabilities. The maturity analysis is based on the earliest maturity date that is payable on the basis of non-derivative cash flows including principal and interest.

Financial liabilities are classified based on the maturities. If there is no maturity or maturity allocation is needed, the Company allocates the financial liability's maturity based on the nature of products.

Financial guarantee contracts and loan commitment are included under the 'within 3 month' category as payments can be required upon request.

(In thousands of Korean won)	2016					
	Within 3 months	4-6 months	7-9 months	10-12 months	1-5 years	Total
Borrowings	221,923	10,199,242	144,831	143,256	20,052,316	30,761,568
Other financial liabilities	7,431,765	–	–	–	–	7,431,765
	7,653,688	10,199,242	144,831	143,256	20,052,316	38,193,333

(In thousands of Indian rupee)	2016					
	Within 3 months	4-6 months	7-9 months	10-12 months	1-5 years	Total
Borrowings	12,494	574,217	8,154	8,065	1,128,945	1,731,875
Other financial liabilities	418,408	–	–	–	–	418,408
	430,902	574,217	8,154	8,065	1,128,945	2,150,283

4.4. Capital risk

The objective of the Company's capital management is to maintain a sound capital structure. The Company uses the capital adequacy ratio under the Supervision of Specialized Credit Financial Business Law as a capital management indicator. This ratio is calculated dividing adjusted total assets by adjusted equity.

Adjusted capital adequacy ratio of the Company as of December 31, 2016 is as follows.

	2016	
	(In thousands of Korean won)	***(In thousands of Indian rupee)***
Adjusted total asset (A)	**56,112,230**	**3,159,119**
Adjusted equity capital (B)	**23,710,502**	**1,334,901**
Adjusted capital adequacy ratio (B/A)	**42.26%**	**42.26%**

5. Financial Instruments by Category

5.1. Fair value by type of financial instruments

Carrying amount and fair values of each type of financial instrument as of December 31, 2016 and 2015, are as follows.

(In thousands of Korean won)	**2016**		2015	
	Carrying amount	**Fair value(*)**	Carrying amount	Fair value(*)
Assets				
Cash and deposit	**6,033,165**	**6,033,165**	16,846,140	16,846,140
Loans and receivables				
Loans	**24,549,904**	**24,549,904**	–	–
Loans for installment	**31,136,389**	**31,136,389**	–	–
	55,686,293	**55,686,293**	–	–
Other financial assets	**337,367**	**337,367**	198,264	198,264
	62,056,825	**62,056,825**	17,044,404	17,044,404
Liabilities				
Borrowings	**30,000,000**	**30,000,000**	–	–
Other financial liabilities	**7,431,765**	**7,431,765**	90,320	90,320
	37,431,765	**37,431,765**	90,320	90,320

(In thousands of Indian rupee)	**2016**		2015	
	Carrying amount	**Fair value(*)**	Carrying amount	Fair value(*)
Assets				
Cash and deposit	**339,667**	**339,667**	948,438	948,438
Loans and receivables				
Loans	**1,382,160**	**1,382,160**	–	–
Loans for installment	**1,752,978**	**1,752,978**	–	–
	3,135,138	**3,135,138**	–	–
Other financial assets	**18,994**	**18,994**	11,162	11,162
	3,493,799	**3,493,799**	959,600	959,600
Liabilities				
Leveraged debt	**1,689,000**	**1,689,000**	–	–
Other financial liabilities	**418,408**	**418,408**	5,085	5,085
	2,107,408	**2,107,408**	5,085	5,085

(*) The carrying amount was deemed to be the fair value as the difference was insignificant.

5.2 Fair value of financial instruments

The Company classifies and discloses fair value of the financial instruments into the following three-level hierarchy.

	Contents
Level 1	The fair values are based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	The fair values are based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	The fair values are based on unobservable inputs for asset or liability.

Meanwhile, there are no financial instruments which are measured by fair value at the end of reporting period.

6. Financial Instruments by category

(a) The carrying amounts of each financial asset by category as of December 31, 2016 and 2015, are as follows.

	2016	**2016**
	(In thousands of Korean won)	***(In thousands of Indian rupee)***
Cash and deposits	**6,033,165**	**339,667**
Loans and receivables		
Loans	**24,549,904**	**1,382,160**
Loans for installment	**31,136,389**	**1,752,978**
	55,686,293	**3,135,138**
Other financial assets	**337,367**	**18,994**
	62,056,825	**3,493,799**

	2015	2015
	(In thousands of Korean won)	*(In thousands of Indian rupee)*
Cash and deposits	16,846,140	948,438
Other financial assets	198,264	11,162
	17,044,404	959,600

(b) The carrying amounts of each financial liabilities by category as of December 31, 2016 and 2015, are as follows.

	2016	**2016**
	(In thousands of Korean won)	***(In thousands of Indian rupee)***
Borrowings	**30,000,000**	**1,689,000**
Other financial liabilities	**7,431,765**	**418,408**
	37,431,765	**2,107,408**

	2015	2015
	(In thousands of Korean won)	*(In thousands of Indian rupee)*
Other financial liabilities	90,320	5,085

(c) Net gains (losses) of categories of financial instruments for the periods ended December 31, 2016 and 2015, are as follows.

(In thousands of Korean won)	**2016**	2015
Interest income		
Cash and deposits	**150,817**	40,674
Loans	**735,875**	–
Other receivables	**10,799**	1,582
	897,491	42,256
Interest expense		
Borrowings	**717,765**	–
Gain and loss on disposal of loans		
Gain on disposal of loans	**16,849,724**	–
Loss on disposal of loans	**(157,608)**	–
	16,692,116	–

(In thousands of Indian rupee)	**2016**	2015
Interest income		
Cash and deposits	**8,491**	2,290
Loans	**41,430**	–
Other receivables	**608**	89
	50,529	2,379
Interest expense		
Borrowings	**40,410**	–
Gain and loss on disposal of loans		
Gain on disposal of loans	**948,639**	–
Loss on disposal of loans	**(8,873)**	–
	939,766	–

7. Cash and due from financial institutions

Details of cash and due from financial institutions as of December 31, 2016 and 2015, are as follows.

	2016		2015	
	(In thousands of Korean won)	***(In thousands of Indian rupee)***	*(In thousands of Korean won)*	*(In thousands of Indian rupee)*
Cash and deposits	**6,033,165**	**339,667**	16,846,140	948,438

8. Loans

(a) Details of the loans as of December 31, 2016 are as follows.

(In thousands of Korean won)		**2016**			
		Principal	**Provisions for impairment**	**Deferred loan origination fees (costs)**	**Total**
Loan	Loans	**23,841,209**	**(32,251)**	**740,946**	**24,549,904**
	Loans for installment	**31,349,731**	**(134,576)**	**(78,766)**	**31,136,389**
		55,190,940	**(166,827)**	**662,180**	**55,686,293**

(In thousands of Indian rupee)		**2016**			
		Principal	**Provisions for impairment**	**Deferred loan origination fees (costs)**	**Total**
Loan	Loans	**1,342,260**	**(1,816)**	**41,716**	**1,382,160**
	Loans for installment	**1,764,990**	**(7,577)**	**(4,435)**	**1,752,978**
		3,107,250	**(9,393)**	**37,281**	**3,135,138**

(b) Changes in the provisions for impairment on loans for the period ended December 31, 2016 are as follows.

(In thousands of Korean won)	**2016**		
	Beginning balance	**Impairment loss**	**Ending balance**
Provisions for impairment	**–**	**(166,827)**	**(166,827)**

(In thousands of Indian rupee)	**2016**		
	Beginning balance	**Impairment loss**	**Ending balance**
Provisions for impairment	**–**	**(9,393)**	**(9,393)**

(c) Changes in deferred loan origination fees (costs) related to loans for the period ended December 31, 2016 are as follows.

(In thousands of Korean won)	**2016**			
	Beginning balance	**Increase**	Decrease	Ending balance
Deferred loan origination fees (costs)	**–**	**796,081**	(133,901)	662,180

(In thousands of Indian rupee)	**2016**			
	Beginning balance	**Increase**	Decrease	Ending balance
Deferred loan origination fees (costs)	**–**	**44,820**	(7,539)	37,281

9. Property and Equipment

(a) Property and equipment as of December 31, 2016 and 2015, are as follows:

(In thousands of Korean won)	**2016**		
	Acquisition costs	**Accumulated depreciation**	**Carrying amount**
Leasehold and improvement	**183,966**	**(49,154)**	**134,812**
Equipment	**413,238**	**(81,074)**	**332,164**
	597,204	**(130,228)**	**466,976**

(In thousands of Indian rupee)	**2016**		
	Acquisition costs	**Accumulated depreciation**	**Carrying amount**
Leasehold and improvement	**10,357**	**(2,767)**	**7,590**
Equipment	**23,265**	**(4,564)**	**18,701**
	33,622	**(7,331)**	**26,291**

(In thousands of Korean won)	2015		
	Acquisition costs	Accumulated depreciation	Carrying amount
Leasehold and improvement	183,966	(7,022)	176,944
Equipment	234,885	(6,752)	228,133
	418,851	(13,774)	405,077

(In thousands of Indian rupee)	2015		
	Acquisition costs	Accumulated depreciation	Carrying amount
Leasehold and improvement	10,357	(395)	9,962
Equipment	13,224	(380)	12,844
	23,581	(775)	22,806

(b) Changes in the property and equipment for the periods ended December 31, 2016 and 2015, are as follows:

(In thousands of Korean won)	**2016**			
	Beginning balance	**Acquisition**	**Depreciation**	**Ending balance**
Leasehold and improvement	**176,944**	**–**	**(42,133)**	**134,811**
Equipment	**228,133**	**178,353**	**(74,321)**	**332,165**
	405,077	**178,353**	**(116,454)**	**466,976**

(In thousands of Indian rupee)	**2016**			
	Beginning balance	**Acquisition**	**Depreciation**	**Ending balance**
Leasehold and improvement	**9,962**	**–**	**(2,372)**	**7,590**
Equipment	**12,844**	**10,041**	**(4,184)**	**18,701**
	22,806	**10,041**	**(6,556)**	**26,291**

(In thousands of Korean won)	2015				
	Beginning balance	Acquisition	Disposal	Depreciation	Ending balance
Leasehold and improvement	–	183,966	–	(7,022)	176,944
Equipment	–	234,884	–	(6,751)	228,133
	–	418,850	–	(13,773)	405,077

(In thousands of Indian rupee)	2015				
	Beginning balance	Acquisition	Disposal	Depreciation	Ending balance
Leasehold and improvement	–	10,357	–	(395)	9,962
Equipment	–	13,224	–	(380)	12,844
	–	23,581	–	(775)	22,806

10. Intangible asset

(a) The details of intangible assets as of December 31, 2016 are as follows.

(In thousands of Korean won)	**2016**		
	Acquisition costs	**Accumulated depreciation**	**Carrying amount**
Software	**3,267,092**	**(606,351)**	**2,660,741**

(In thousands of Indian rupee)	**2016**		
	Acquisition costs	**Accumulated depreciation**	**Carrying amount**
Software	**183,938**	**34,138**	**149,800**

11. Other Financial Asset and Other Asset

Other financial asset and other asset as of December 31, 2016, are as follows:

(In thousands of Korean won)	**2016**		
	Financial asset	**Non-financial asset**	**Total**
Other receivables	**64,348**	**–**	**64,348**
Accrued revenue	**64,536**	**–**	**64,536**
Advance payment	**–**	**27,767**	**27,767**
Prepaid expenses	**–**	**22,825**	**22,825**
Deposit	**217,700**	**–**	**217,700**
Present value discount	**(9,217)**	**–**	**(9,217)**
Deferred income tax assets	**–**	**56,417**	**56,417**
	337,367	**107,009**	**444,376**

(In thousands of Indian rupee)	**2016**		
	Financial asset	**Non-financial asset**	**Total**
Other receivables	**3,623**	**–**	**3,623**
Accrued revenue	**3,633**	**–**	**3,633**
Advance payment	**–**	**1,563**	**1,563**
Prepaid expenses	**–**	**1,285**	**1,285**
Deposit	**12,257**	**–**	**12,257**
Present value discount	**(519)**	**–**	**(519)**
Deferred income tax assets	**–**	**3,176**	**3,176**
	18,994	**6,024**	**25,018**

Other financial asset and other asset as of December 31, 2015, are as follows:

(In thousands of Korean won)	2015		
	Financial asset	Non-financial asset	Total
Accrued revenue	580	–	580
Advance payment	–	2,135,540	2,135,540
Prepaid expenses	–	20,016	20,016
Prepaid income taxes	–	3,678	3,678
Deposit	217,700	–	217,700
Present value discount	(20,016)	–	(20,016)
	198,264	2,159,234	2,357,498

(In thousands of Indian rupee)	2015		
	Financial asset	Non-financial asset	Total
Accrued revenue	33	–	33
Advance payment	–	120,231	120,231
Prepaid expenses	–	1,127	1,127
Prepaid income taxes	–	207	207
Deposit	12,256	–	12,256
Present value discount	(1,127)	–	(1,127)
	11,162	121,565	132,727

12. Borrowings

(a) Borrowings as of December 31, 2016 are as follows.

	2016 (in thousands of Korean won)	2016 (In thousands of Indian rupee)
Borrowings	**30,000,000**	**1,689,000**

(b) The details of borrowings as of December 31, 2016 are as follows.

(In thousands of Korean won)

	2016			
	Financial institution	**Maturity**	**Interest rate (%)**	**Carrying amount**
Borrowings	KB capital Co., Ltd.	2018. 01. 21	2.86~2.88	**20,000,000**
	Kookmin bank	2017. 05. 24	3.15	**10,000,000**
				30,00,000

(In thousands of Indian rupee)

	2016			
	Financial institution	**Maturity**	**Interest rate (%)**	**Carrying amount**
Borrowings	KB capital Co., Ltd.	2018. 01. 21	2.86~2.88	**1,126,000**
	Kookmin bank	2017. 05. 24	3.15	**563,000**
				1,689,000

13. Other Financial Liability and Other Liability

Other financial liability and other liability as of December 31, 2016, are as follows:

(In thousands of Korean won)

	2016		
	Financial liability	**Non-financial liability**	**Total**
Other payables	**6,280,176**	**120,478**	**6,400,654**
Accrued expenses	**1,150,500**	**40,718**	**1,191,218**
Withholdings	**1,089**	**147,507**	**148,596**
Advance	**–**	**1,557**	**1,557**
	7,431,765	**310,260**	**7,742,025**

(In thousands of Indian rupee)

	2016		
	Financial liability	**Non-financial liability**	**Total**
Other payables	**353,574**	**6,783**	**360,357**
Accrued expenses	**64,773**	**2,292**	**67,065**
Withholdings	**61**	**8,305**	**8,366**
Advance	**–**	**88**	**88**
	418,408	**17,468**	**435,876**

Other financial liability and other liability as of December 31, 2015, are as follows:

(In thousands of Korean won)

	2015		
	Financial liability	Non-financial liability	Total
Other payables	21,985	138,576	160,561
Accrued expenses	68,335	–	68,335
Withholdings	–	9,937	9,937
Advance	–	–	–
	90,320	148,513	238,833

(In thousands of Indian rupee)

	2015		
	Financial liability	Non-financial liability	Total
Other payables	1,238	7,802	9,040
Accrued expenses	3,847	–	3,847
Withholdings	–	559	559
Advance	–	–	–
	5,085	8,361	13,446

14. Net defined benefit liabilities

(a) The details of the net defined benefit liabilities as of December 31, 2016 are as follows.

	2016 (in thousands of Korean won)	2016 (In thousands of Indian rupee)
Present value of defined benefit obligations	**192,024**	**10,811**

(b) Changes in defined benefit liabilities for the period ended December 31, 2016 are as follows.

	2016 (in thousands of Korean won)	2016 (In thousands of Indian rupee)
Beginning balance	**–**	**–**
Current service cost	**192,024**	**10,811**
Ending balance	**192,024**	**10,811**

(c) The major assumptions used for the assessment of the defined benefit obligation as of December 31, 2016, are as follows.

(%)	**2016**
Discount rate	**2.06**
Future salary increase rate	**6.57**

(d) The sensitivity analysis of the defined benefit liabilities due to changes in the principal assumptions as of December 31, 2016 is as follows.

	Effects on Defined Benefit Obligation				
	Changes	**Increase**		**Decrease**	
		(In thousands of Korean won)	***(In thousands of Indian rupee)***	***(In thousands of Korean won)***	***(In thousands of Indian rupee)***
Discount rate	**1.00%**	**(8,304)**	**(468)**	**9,140**	**515**
Future salary increase rate	**1.00%**	**9,173**	**516**	**(8,177)**	**(460)**

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. The sensitivity of the defined benefit obligation to significant actuarial assumptions is calculated using the projected unit credit method which is used to calculate the defined benefit obligation

(e) Expected maturity analysis of undiscounted retirement benefit payment as of December 31, 2016 is as follows.

(In thousands of Korean won)	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**More than 5 years**	**Total**
Pension benefits	**24,157**	**325,188**	**102,393**	**849,532**	**1,301,270**

(In thousands of Indian rupee)	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**More than 5 years**	**Total**
Pension benefits	**1,360**	**18,308**	**5,765**	**47,829**	**73,262**

The weighted average duration of the defined benefit obligations is 4.6 years.

15. Income Tax Expense

(a) Income tax expense for the periods ended December 31, 2016 and 2015, are as follows:

	2016	
	(in thousands of Korean won)	***(In thousands of Indian rupee)***
Current tax expense	**1,916,734**	**107,912**
Changes in deferred income tax assets (liabilities)	**(56,417)**	**(3,176)**
Income tax expense	**1,860,316**	**104,736**

	2016	
	(in thousands of Korean won)	***(In thousands of Indian rupee)***
Net deferred tax asset at the beginning of the year	**–**	**–**
Net deferred tax asset at the end of the year	**56,417**	**3,176**
Changes in deferred income tax assets(liabilities)	**56,417**	**3,176**

(b) The relationship between income tax expenses and net profit(loss) before income tax for the periods ended December 31, 2016 and 2015 are as follows:

	2016		2015	
	(In thousands of Korean won)	***(In thousands of Indian rupee)***	*(in thousands of Korean won)*	*(In thousands of Indian rupee)*
Profit(loss) before income tax	**8,821,881**	**496,672**	(650,632)	(36,631)
Income tax at the applicable tax rate	**1,918,814**	**108,029**	(143,139)	(8,058)
Adjustments:				
Non-deductible expense	**79,623**	**4,483**	–	–
Effects of unrecognized deferred income tax assets	**–**	**–**	7,625	429
Effects of unrecognized deferred income tax assets over tax losses	**–**	**–**	135,514	7,629
Benefit from a previously unrecognized tax losses	**(135,514)**	**(7,629)**	–	–
Others	**(2,607)**	**(147)**	–	–
Income tax expenses	**1,860,316**	**104,736**	–	–

(c) Changes in temporary differences and deferred tax assets(liabilities) for the year ended December 31, 2016 are as follows.

	Cumulative temporary difference			**Deferred income tax**	
(In thousands of Korean won)	**Beginning balance**	**Increase / decrease**	**Ending balance**	**Beginning balance**	**Ending balance**
Discount on rental deposit	**20,016**	**20,016**	**9,217**	**4,404**	**2,028**
Prepaid expenses	**(20,016)**	**(20,016)**	**(9,217)**	**(4,404)**	**(2,028)**
Asset retirement obligation	**20,514**	**20,514**	**21,059**	**4,513**	**4,633**
Depreciation expense	**(18,853)**	**(18,853)**	**(9,430)**	**(4,148)**	**(2,074)**
Unconfirmed expenses	**33,000**	**33,000**	**714,969**	**7,260**	**157,293**
Defined benefit obligation	**–**	**–**	**192,024**	**–**	**42,245**
Deferred loan origination fees(costs)	**–**	**–**	**(662,180)**	**–**	**(145,680)**
	34,661	**34,661**	**256,443**	**7,625**	**56,417**
Effects of unrecognized deferred income tax assets (liabilities)				**(7,625)**	**–**
Total amount of deferred tax assets				**–**	**206,199**
Total amount of deferred tax liabilities				**–**	**(149,782)**

(In thousands of Indian rupee)	Cumulative temporary difference			Deferred income tax	
	Beginning balance	**Increase / decrease**	**Ending balance**	**Beginning balance**	**Ending balance**
Discount on rental deposit	**1,127**	**(608)**	**519**	**248**	**114**
Prepaid expenses	**(1,127)**	**608**	**(519)**	**(248)**	**(114)**
Asset retirement obligation	**1,155**	**31**	**1,186**	**254**	**261**
Depreciation expense	**(1,061)**	**530**	**(531)**	**(234)**	**(117)**
Unconfirmed expenses	**1,857**	**38,396**	**40,253**	**409**	**8,856**
Defined benefit obligation	**–**	**10,811**	**10,811**	**–**	**2,378**
Deferred loan origination fees(costs)	**–**	**(37,281)**	**(37,281)**	**–**	**(8,202)**
	1,951	**12,487**	**14,438**	**429**	**3,176**
Effects of unrecognized deferred income tax assets (liabilities)				**(429)**	**–**
Total amount of deferred tax assets				**–**	**11,609**
Total amount of deferred tax liabilities				**–**	**(8,433)**

(d) The details of deferred income tax assets (liabilities) as of December 31, 2016 are as follows:

	2016	
	(in thousands of Korean won)	***(In thousands of Indian rupee)***
Deferred tax assets		
Deferred tax assets to be utilized no more than 12 months	**157,293**	**8,856**
Deferred tax assets to be utilized more than 12 months	**48,906**	**2,753**
	206,199	**11,609**
Deferred tax liabilities		
Deferred tax liabilities to be settled no more than 12 months	**–**	**–**
Deferred tax liabilities to be settled more than 12 months	**(149,782)**	**(8,433)**
	(149,782)	**(8,433)**
Net deferred tax assets	**56,417**	**3,176**

16. Equity

(a) Share capital as of December 31, 2016 and 2015, are as follows.

	2016		2015	
	(In of Korean won)	***(In of Indian rupee)***	*(In of Korean won)*	*(In of Indian rupee)*
Par value per share	5,000	284	5,000	284
Number of shares issued	4,000,000	4,000,000	4,000,000	4,000,000
Share capital	20,000,000,000	1,126,000,000	20,000,000,000	1,126,000,000

(b) Details of retained earnings (accumulated deficits) as of December 31, 2016 and 2015, are as follows.

	2016		2015	
	(In thousands of Korean won)	***(In thousands of Indian rupee)***	*(in thousands of Korean won)*	*(In thousands of Indian rupee)*
Retained earnings(accumulated deficit) before appropriation (disposition)	**6,310,933**	**355,306**	(650,632)	(36,631)

(c) The details of the regulatory reserve for credit losses as of December 31, 2016, are as follows:

	2016	
	(in thousands of Korean won)	***(In thousands of Indian rupee)***
Beginning balance	**–**	**–**
Amount estimated to be appropriated	**428,998**	**24,153**
Ending balance	**428,998**	**24,153**

(d) Adjusted profit after provision of regulatory reserve for credit losses for the year ended December 31, 2016 is as follows.

	2016	
	(in thousands of Korean won)	***(In thousands of Indian rupee)***
Profit for the period	**6,961,565**	**391,936**
Estimated provision for regulatory reserve	**(428,998)**	**(24,153)**
Adjusted profit for the period after the provision (*)	**6,532,567**	**367,783**

(*) Adjusted profits after provision of regulatory reserve for credit loss are not in accordance with Korean IFRS and calculated on the assumption that regulatory reserve for credit loss before income tax is adjusted to the net income.

(e) The appropriation of retained earnings (disposition of deficit) for the periods ended December 31, 2016 and 2015, is as follows.

(In thousands of Korean won)	**2016**		2015	
	(Expected appropriation date: March 17, 2017)		(Disposition date: March 18, 2016)	
Retained earning (deficit) before appropriation (disposition)		**6,310,933**		(650,632)
Undisposed deficit carried forward from prior year	**(650,632)**		–	
Profit(loss) for the period	**6,961,565**		(650,632)	
Appropriation (disposition)		**(1,428,998)**		–
Regulatory reserve for credit losses	**(428,998)**		–	
Reserve for loss from compensation of damage	**(1,000,000)**		–	
Unappropriated retained earning (undisposed accumulated deficit) to be carried forward to subsequent year		**4,881,935**		(650,632)

(In thousands of Indian rupee)	**2016 (Expected appropriation date: March 17, 2017)**		2015 (Disposition date: March 18, 2016)	
Retained earning(deficit) before appropriation (disposition)		**355,306**		(36,631)
Undisposed deficit carried forward from prior year	**(36,631)**		–	
Profit(loss) for the period	**391,936**		(36,631)	
Appropriation (disposition)		**(80,453)**		–
Regulatory reserve for credit losses	**(24,153)**		–	
Reserve for loss from compensation of damage	**(56,300)**		–	
Unappropriated retained earning (undisposed accumulated deficit) to be carried forward to subsequent year		**274,853**		(36,631)

17. Net interest Income

Interest income, interest expense and net interest income for the periods ended December 31, 2016 and 2015, are as follows.

	2016		2015	
	(In thousands of Korean won)	***(In thousands of Indian rupee)***	*(in thousands of Korean won)*	*(In thousands of Indian rupee)*
Interest income				
Cash and due from financial institutions	**150,817**	**8,491**	40,674	2,290
Loans and receivables	**735,875**	**41,430**	–	–
Other Interest	**10,799**	**608**	1,582	89
	897,491	**50,529**	42,256	2,379
Interest expense	**717,765**	**40,410**	–	–
Net interest income	**179,726**	**10,119**	42,256	2,379

18. Gain on disposal of loans

Gain on disposal of loans for the period ended December 31, 2016 is as follows.

	2016	
	(in thousands of Korean won)	***(In thousands of Indian rupee)***
Gain on disposal of loans	**16,849,724**	**948,639**
Loss on disposal of loans	**(157,608)**	**(8,873)**
	16,692,116	**939,766**

19. General and administration expenses

General and administration expenses for the periods ended December 31, 2016 and 2015, are as follows.

	2016		2015	
	(In thousands of Korean won)	***(In thousands of Indian rupee)***	*(in thousands of Korean won)*	*(In thousands of Indian rupee)*
Salaries	**2,045,180**	**115,144**	172,785	9,728
Post employment benefits	**192,024**	**10,811**	–	–
Bonuses	**787,448**	**44,333**	31,725	1,786
Miscellaneous benefits	**226,871**	**12,773**	14,020	789
Depreciation	**116,404**	**6,556**	13,773	775
Amortization of intangible asset	**606,351**	**34,138**	–	–
Welfare expense	**645,308**	**36,331**	22,565	1,270
Service fee	**996,288**	**56,090**	62,286	3,508
Administrative and maintenance expenses	**652,475**	**36,734**	29,363	1,653
Communications	**103,906**	**5,850**	59,130	3,329
Advertising expenses	**461,875**	**26,004**	76,088	4,284
Tax and dues	**124,920**	**7,033**	106,200	5,979
Business promotion expenses	**373,047**	**21,003**	25,820	1,454
Training expenses	**31,675**	**1,783**	1,481	83
Publication	**104,569**	**5,887**	15,999	901
Supplies	**38,717**	**2,180**	5,504	310
Travel expenses	**14,553**	**819**	1,560	88
Rental expenses	**343,393**	**19,333**	53,035	2,986
Vehicles maintenance expenses	**20,704**	**1,166**	1,465	82
Insurance cost	**23,640**	**1,331**	–	–
	7,909,399	**445,299**	692,799	39,005

20. Other operating income and expenses

The other operating income for the periods ended December 31, 2016 and 2015, are as follows.

	2016		2015	
	(In thousands of Korean won)	***(In thousands of Indian rupee)***	*(in thousands of Korean won)*	*(In thousands of Indian rupee)*
Commission income	**1,686,560**	**94,953**	–	–
Other	**905,965**	**51,006**	–	–
	2,592,525	**145,959**	–	–

The other operating expenses for the periods ended December 31, 2016 and 2015, are as follows.

	2016		2015	
	(In thousands of Korean won)	***(In thousands of Indian rupee)***	*(in thousands of Korean won)*	*(In thousands of Indian rupee)*
Other operating expenses	**2,718,000**	**153,023**	–	–

21. Cash flow statement

The cash flow from operating activities for the periods ended December 31, 2016 and 2015, are as follows:

	2016		2015	
	(In thousands of Korean won)	***(In thousands of Indian rupee)***	*(in thousands of Korean won)*	*(In thousands of Indian rupee)*
Profit(loss) for the period	**6,961,565**	**391,936**	(650,632)	(36,631)
Adjustment				
Interest income	**(897,492)**	**(50,529)**	(42,256)	(2,379)
Interest expense	**717,765**	**40,410**	–	–
Income tax	**1,860,316**	**104,736**	–	–

	2016 (In thousands of Korean won)	2016 (In thousands of Indian rupee)	2015 (in thousands of Korean won)	2015 (In thousands of Indian rupee)
Post employment benefit	**192,024**	**10,811**	–	–
Depreciation	**116,454**	**6,556**	13,773	775
Amortization of intangible assets	**606,351**	**34,138**	–	–
Provision for impairment	**167,424**	**9,426**	–	–
Provisions	**546**	**31**	89	5
	2,763,388	**155,579**	(28,394)	(1,599)
Changes in operating assets and liabilities:				
Increase in loans and receivables	**(55,853,120)**	**(3,144,531)**	–	–
Increase in other receivables	**(64,584)**	**(3,636)**	–	–
Decrease(increase) in prepaid expenses	**(2,809)**	**(158)**	1,583	89
Increase in advance payments	**(27,767)**	**(1,563)**	–	–
Increase in other payables	**6,240,093**	**351,317**	160,561	9,040
Increase in accrued expenses	**1,096,022**	**61,706**	68,335	3,847
Increase in VAT withheld	**137,570**	**7,745**	9,937	559
Increase in deposits received	**1,090**	**61**	–	–
Increase in advance payment	**1,557**	**88**	–	–
	(48,471,948)	**(2,728,971)**	240,416	13,535
Total	**(38,746,996)**	**(2,181,456)**	(438,610)	(24,694)

22. Related Party Transactions

(a) The related parties as of December 31, 2016, are as follows:

	2016
Jointly controlled entity	Ssangyong motor Co., Ltd., KB Capital Co., Ltd.
Other related parties	Mahindra & Mahindra Ltd.
	Mahindra Vehicle Manufacturing Ltd.
	Mahindra & Mahindra South Africa Ltd.
	Kookmin Bank
	KB Investment & Securities Co., Ltd.
	KB Kookmin Card Co., Ltd.
	KB Data Systems Co., Ltd.
	KB Insure Co., Ltd.
	Ssangyong motor Co., Ltd., Subsidiaries, affiliated companies, other related parties of KB Financial Group

(b) Details of assets and liabilities from transactions with related parties of December 31, 2016 and 2015, are as follows:

(In thousands of Korean won)		**2016**	2015
Kookmin Bank	Cash and cash equivalents	**3,996,941**	1,846,140
	Borrowings	**10,000,000**	–
	Accrued expense	**6,025**	–
KB Capital Co., Ltd.	Other receivables	**64,100**	–
	Accrued expense	**20,837**	–
	Borrowings	**20,000,000**	–
KB Securities Co., Ltd.	Cash and due from financial institutions	**–**	15,000,000
	Accrued revenue	**–**	579
KB Data Systems Co., Ltd	Advance payment	**–**	2,135,540
KB Kookmin Card Co., Ltd.	Other payables	**4,444,000**	–
KB Insurance Co., Ltd.	Prepaid expense	**13,608**	–
		38,545,511	18,982,259

(In thousands of Indian rupee)		**2016**	2015
Kookmin Bank	Cash and cash equivalents	**225,028**	103,938
	Borrowings	**563,000**	–
	Accrued expense	**339**	–
KB Capital Co., Ltd.	Other receivables	**3,609**	–
	Accrued expense	**1,173**	–
	Borrowings	**1,126,000**	–
KB Securities Co., Ltd.	Cash and due from financial institutions	**–**	844,500
	Accrued revenue	**–**	33
KB Data Systems Co., Ltd	Advance payment	**–**	120,231
KB Kookmin Card Co., Ltd.	Other payables	**250,197**	–
KB Insurance Co., Ltd.	Prepaid expense	**766**	–
		2,170,112	1,068,702

(c) Details of gain and loss from transactions with related parties for the period ended December 31, 2016, are as follows.

(In thousands of Korean won)	**Disposal of loans and receivables**	**Interest income**	**Interest expense**	**Other income**	**Other expenses**
KB Capital Co., Ltd.	**796,527,140**	**88,311**	**525,046**	**153,024**	**409,328**
Kookmin Bank	**–**	**40,426**	**192,719**	**–**	**–**
KB Securities Co., Ltd.	**–**	**–**	**–**	**–**	**–**
KB Card Co., Ltd	**–**	**–**	**–**	**1,411,323**	**–**
KB Insurance Co., Ltd	**–**	**–**	**–**	**–**	**23,639**
KB Data Systems Co., Ltd	**–**	**–**	**–**	**–**	**421,520**
	796,527,140	**128,737**	**717,765**	**1,564,347**	**854,487**

(In thousands of Indian rupee)	**Disposal of loans and receivables**	**Interest income**	**Interest expense**	**Other income**	**Other expenses**
KB Capital Co., Ltd.	**44,844,478**	**–**	**29,560**	**8,615**	**23,045**
Kookmin Bank	**–**	**4,972**	**10,850**	**–**	**–**
KB Securities Co., Ltd.	**–**	**2,276**	**–**	**–**	**–**
KB Card Co., Ltd	**–**	**–**	**–**	**79,457**	**–**
KB Insurance Co., Ltd	**–**	**–**	**–**	**–**	**1,331**
KB Data Systems Co., Ltd	**–**	**–**	**–**	**–**	**23,732**
	44,844,478	**7,248**	**40,410**	**88,072**	**48,108**

(d) Funding transactions with related parties for the period ended December 31, 2016, are as follows.

		Borrowings		**Redemption**	
		(In thousands of Korean won)	***(In thousands of Indian rupee)***	***(In thousands of Korean won)***	***(In thousands of Indian rupee)***
Jointly controlled entity	KB Capital Co., Ltd.	**20,000,000**	**1,126,000**	**–**	**–**
Other related party	Kookmin Bank	**10,000,000**	**563,000**	**–**	**–**

As of December 31, 2016, the Company is holding an installment financing agreement with Ssangyong Motor Corporation. In relation to the financing agreement, loan origination fees of ₩ 16,376,188 was generated during the current period.

(e) Key management personnel compensations for the periods ended December 31, 2016 and 2015, are as follows:

	2016		2015	
	(In thousands of Korean won)	***(In thousands of Indian rupee)***	*(in thousands of Korean won)*	*(In thousands of Indian rupee)*
Salaries	**388,608**	**21,879**	45,891	2,584
Post employment benefit	**27,059**	**1,523**	–	–
	415,667	**23,402**	45,891	2,584

23. Contingent Liabilities and commitment

Contingent Liabilities and commitment as of December 31, 2016, are as follows:

		Limit of loan commitment		**Loan executions**	
	Financial institution	***(In thousands of Korean won)***	***(In thousands of Indian rupee)***	***(In thousands of Korean won)***	***(In thousands of Indian rupee)***
Loans for working capital	Kookmin Bank	**10,000,000**	**563,000**	**–**	**–**

DIRECTORS' REPORT

Your Directors present their Twenty First 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
Total Income	**11,957**	6,777
Loss before Depreciation, Finance Costs and Taxation	**7,040**	6,053
Less: Depreciation & Amortisation	**4,086**	2,619
Loss before Finance Costs and Taxation	**11,126**	8,672
Less: Finance Costs	**181**	464
Loss before Tax	**11,306**	9,136
Less: Taxation	**–**	–
Loss for the year	**11,306**	9,136
Carryforward losses for previous years	**44,532**	35,396
Networth	**20,848**	15,198

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 as are required to be prepared in accordance with the Accounting Standards 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 close of the year, under review, till the date of this Report which would affect the financial position of your company.

Operations

Your Company's total income is higher by 76% mainly due to increase in sales volume.

During the year under review, your Company had launched a record, 4 electric vehicle models e2oPlus, eVerito, eSupro and e2o RHD for UK.

Your Company received following awards during the year:

- Excellence in Innovation and CSR from Manufacturing Today
- Electric Mobility Solution of the Year at the NDTV Car and Bike Awards
- Electric Vehicle of the Year at the Times Auto Awards
- Award for the 'Design and development of the e2o Electric Car' from CSIR Diamond Jubilee Technology Award (CDJTA)
- Mahesh Modi Environmental Excellence Award from the Automotive Research Association of India (ARAI)

During the year under review, your Company also completed following marketing initiatives to boost the sales no.:

- Launched the e2oPlus in 18+ cities across the country with a 360 degree integrated CitySmart campaign covering Television, newsprint, radio, digital, social media and on ground activities. A 107% growth in enquiries generated from the previous year.
- Successfully implemented a customer loyalty program to increase customer engagement with 37% member enrolment in the first 3 months of program launch.

Currently, your Company is working on various initiatives and new products to increase the sales in next year. Your Company continued to invest in Research & Development and development of new EV models, which consumed a significant part of your Company's financial resources.

BUSINESS OUTLOOK AND FUTURE PROSPECTS

During the course of the year, your Company increased its sales volumes by 28%. The growth has been primarily driven by leveraging the emergence of fleet applications for people transportation.

In parallel, it invested in new technologies (High voltage, high capacity drivetrain) to expand its offerings within M&M's portfolio of vehicles and explore synergies with other group companies.

Investments made this year on new products for the domestic and global markets will place your Company well to expand its product line as well as markets in the near future.

DIVIDEND

In view of the losses, your Directors have not considered declaration of any dividend for the year under review.

CHANGE IN THE NAME OF THE COMPANY

With the approval of the shareholders and the Central Government, name of your company was changed from Mahindra Reva Electric Vehicles Limited to Mahindra Electric Mobility Limited w.e.f. 15th February, 2017 vide fresh certificate of incorporation issued by Registrar of Companies, Karnataka.

SHARE SELLING AGREEMENT

By a Share Selling Agreement dated 14th November, 2016, entered into between Mahindra Vehicle Manufacturers Limited, the Holding Company and the Erstwhile Promoters, 63,94,924 Equity Shares were transferred by the Erstwhile Promoters to Mahindra Vehicle Manufacturers Limited thereby raising Holding Company's stake in the Company to 98.87%.

SHARE CAPITAL

During the year under review, the authorised share capital of your company was increased from Rs. 250,00,00,000 divided into 25,00,00,000 Equity Shares of Rs. 10/- each to Rs. 300,00,00,000 divided into 30,00,00,000 Equity Shares of Rs. 10/- each.

The issued Equity Share Capital stood as at the end of the financial year, under review, at Rs. 219,76,30,530 and the paid up share capital of the company increased from Rs. 138,55,27,880 to Rs. 207,57,34,610 following subscription of 5,01,45,170 Compulsorily Convertible Warrants into Equity Shares of Rs. 10/- each and Rights Issue of 1,88,75,503 Equity Shares of Rs.10/- each.

BOARD OF DIRECTORS

Composition:

Composition of the Board of Directors is as follows: -

Director (DIN)	Designation	Executive/Non-Executive Director	Independent/ Non-Independent Director
Dr. Pawan Kumar Goenka (00254502)	Chairman	Non-Executive Director	Non-Independent Director
Mr. V S Parthasarathy (00125299)	Director	Non-Executive Director	Non-Independent Director
Ms. Sonali Kulkarni (00203701)	Director	Non-Executive Director	Independent Director
Mr. Ravindra Dhariwal (00003922)*	Director	Non-Executive Director	Independent Director
Mr. Rajan Wadhera (00416429)**	Director	Non-Executive Director	Non-Independent Director
Mr. Arvind Mathew 01377003)***	Director	Non-Executive Director	Non-Independent Director

* *Mr. Ravindra Dhariwal was appointed as Additional and Independent Director with effect from 19th April, 2017.*

** *Mr. Rajan Wadhera was appointed as Additional Director with effect from 27th April, 2017.*

*** *Mr. Arvind Mathew was appointed as Additional Director with effect from 27th April, 2017.*

Mr. Sandeep Kumar Maini (DIN: 01568787) resigned as Director with effect from 16th November, 2016.

Prof. Ashok Jhunjhunwala (DIN: 00417944), Independent Director, resigned with effect from 20th January, 2017.

Mr. P N Shah (DIN: 00561723) resigned as Director with effect from 1st April, 2017.

Your Board takes this opportunity to place on record the valuable contribution made by Mr. Sandeep Maini, Prof. Ashok Jhunjhunwala and Mr. P N Shah during their association with the Company.

Mr. Ravindra Dhariwal (DIN: 00003922), Mr. Rajan Wadhera (DIN: 00416429) and Mr. Arvind Mathew (DIN: 01377003) were appointed as Additional Directors and they all hold office up to the ensuing Annual General Meeting only. Their appointments as Directors at the forthcoming Annual General Meeting are recommended to the shareholders. Your company has received notices from a member intimating its intention to propose, at the ensuing Annual General Meeting, the appointments of Mr. Ravindra Dhariwal, Mr. Rajan Wadhera and Mr. Arvind Mathew.

Your Company has received declarations from Mr. Ravindra Dhariwal and Ms. Sonali Kulkarni, Independent Directors, to the effect that they meet the criteria of independence as laid down under Section 149 of the Companies Act, 2013.

Pursuant to the formation of opinion by the Board that Mr. Ravindra Dhariwal is a person with integrity and possesses relevant expertise and experience and receipt of declarations from him to the effect that he meets the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013, the appointment of Mr. Ravindra Dhariwal (DIN: 00003922) as Independent Director for a period of five years with effect from 19th April, 2017 is recommended to the Shareholders.

Mr. V S Parthasarathy (DIN: 00125299) retires by rotation at the forthcoming Annual General Meeting, and being eligible, has offered himself for re-appointment.

All the Directors of your Company have given requisite declarations pursuant to Section 164 of the Companies Act, 2013 that they are not disqualified for appointment/ reappointment as Directors.

Meetings of the Board and Annual General Meeting:

The Board met four times during the year under review, i.e., on 27th April, 2016, 28th July, 2016, 21st October, 2016 and 20th January, 2017. The gap between two consecutive Board Meetings did not exceed 120 days.

The 20th Annual General Meeting (AGM) of the Company was held on 28th July, 2016.

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

SL. NO.	Name of Directors	No. of meetings attended
1	Dr. Pawan Kumar Goenka	4
2	Mr. V S Parthasarathy	3
3	Ms. Sonali Kulkarni	4

SL. NO.	Name of Directors	No. of meetings attended
4	Prof. Ashok Jhunjhunwala	4
5	Mr. Lon Bell*	Nil
6	Mr. Sandeep Kumar Maini**	2
7	Mr. P N Shah	3

* *Resigned with effect from 27th April, 2016*

** *Resigned with effect from 16th November, 2016*

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, your Directors, based on representation received from the operating management, and after due enquiry, confirm that:

(i) in the preparation of the annual accounts, the applicable accounting standards have been followed;

(ii) Accounting policies have been selected in consultation with the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 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.

EVALUATION OF PERFORMANCE:

Questionnaires/Feedback templates for annual evaluation were circulated to each Board member and duly filled in questionnaires/responses were submitted to the Chairman of the Board for facilitating the formal annual evaluation. Based on the feedback the Board carried out the annual evaluation of performance of its own, its committees and individual Directors including independent directors at the meeting of the Board held on 27th April, 2017.

Meeting of Independent Directors

The Independent Directors of the Company met on 21st October, 2016 without the presence of the Chairman or other Non-Independent Directors or Chief Financial Officer or any other Management Personnel. The Meeting was conducted in an informal and flexible manner to enable the Independent Directors to discuss matters pertaining to, inter alia, review of performance of Non-Independent Directors and the Board as a whole, review the performance of the Chairman of the Company (taking into account the views of the Executive and Non-Executive Directors), assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that was necessary for the Board to effectively and reasonably perform their duties.

COMMITTEES OF THE BOARD

Audit Committee

The Composition of Audit Committee is as follows: -

Director	Designation
Mr. V S Parthasarathy	Chairman
Ms. Sonali Kulkarni	Member
Mr. Ravindra Dhariwal *	Member

* *Appointed as a Committee Member with effect from 19th April, 2017.*

During the year under review Prof. Ashok Jhunjhunwala resigned as Director on 20th January, 2017 and consequently as a member of the Committee with effect from that date.

The Audit Committee met four times during year under review, i.e., on 27th April, 2016, 28th July, 2016, 21st October, 2016 and 20th January, 2017 and complied with the terms of reference assigned to the Committee from time to time.

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

Name of Directors	No. of meetings attended
Mr. V S Parthasarathy	3
Ms. Sonali Kulkarni (Independent Woman Director)	4
Professor Ashok Jhunjhunwala (Independent Director)*	4

* *Resigned with effect from 20th January, 2017.*

Nomination and Remuneration Committee

The Composition of Nomination and Remuneration Committee is as follows: -

Director	Designation
Ms. Sonali Kulkarni*	Chairperson
Dr. Pawan Kumar Goenka	Member
Mr. V S Parthasarathy	Member
Mr. Ravindra Dhariwal**	Member

* *Appointed as Chairperson on 19th April, 2017.*

** *Appointed as a Committee Member with effect from 19th April, 2017.*

During the year under review Prof. Ashok Jhunjhunwala resigned as Director on 20th January, 2017 and consequently as a member of the Committee with effect from that date. Mr. Ravindra Dhariwal, Independent Director, was inducted as Director and a member of the Committee with effect from 19th April, 2017. Ms. Sonali Kulkarni, Independent Woman

Director, was made Chairperson of the Committee with effect from 19th April, 2017.

The Nomination and Remuneration Committee met three times during year under review, i.e., on 27th April, 2016, 28th July, 2016 and 21st October, 2016.

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

Name of Directors	No. of meetings attended
Prof. Ashok Jhunjhunwala *	3
Ms. Sonali Kulkarni	3
Dr. Pawan Kumar Goenka	3
Mr. V S Parthasarathy	2

* *Resigned with effect from 20th January, 2017.*

KEY MANAGERIAL PERSONNEL

Pursuant to Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Key Managerial Personnel of your Company are as below:

1. Mr. A Narayana Swamy as Manager (with effect from 1st August, 2016).
2. Mr. Ajay Patel as Chief Financial Officer (with effect from 1st April 2014).
3. Mr. Mahesh Babu was appointed as Chief Executive Officer of your Company and a Key Managerial Personnel with effect from 1st December, 2016.

Mr. Arvind Mathew resigned as Chief Executive Officer W.e.f. 1st December, 2016 following his elevation to a higher position in Mahindra Group.

POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES AND CRITERIA FOR APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

Your Board has, in place, policies for the appointment/removal of directors and senior management personnel together with the criteria for determining qualifications, positive attributes and independence of directors, and remuneration of directors, key managerial personnel and other employees. These were on the basis of recommendation of the Nomination and Remuneration Committee.

These policies are provided as **Annexure I** and form part of this Report.

RISK MANAGEMENT POLICY

Your Company has a Risk Management Policy in place. The Policy helps in identifying elements of risk, if any, which may threaten the existence of the Company and managing the risks associated with the business of the Company.

VIGIL MECHANISM

Your Company has, in place, a vigil mechanism for directors and employees to facilitate reporting of genuine concerns/ making protected disclosures to the Chairman of the Audit Committee in respect of actual or suspected fraud or violation of the Company's Codes or Policies or genuine grievances or concerns or any improper activity. The mechanism provides for adequate safeguards against victimization of persons reporting/disclosing, and makes a provision for direct access to the Chairman of the Audit Committee.

POLICY ON PREVENTION OF SEXUAL HARASSMENT

Your Company has put in place a policy for prevention of sexual harassment. Your Company has also constituted an "Internal Complaints Committee" to which employees can address their complaints.

During the year under review, 1 complaint with allegations of sexual harassment was filed and disposed-off as per The Sexual Harassment of Women at Workplace (Prevention, Prohibitions and Redressal) Act, 2013.

INTERNAL FINANCIAL CONTROLS

Your Company has implemented a system of internal controls and monitoring procedures as well as internal financial controls on financial statements and the same is in the opinion of the Board, commensurate with the Company's size and operations. Your Company conducts internal audit through an independent agency to assess the adequacy of financial and operating controls for the business of the Company. Significant issues, if any, are brought to the attention of the Audit Committee. Statutory Auditors and Internal Auditors are invited to attend Audit Committee meetings.

STATUTORY AUDITORS & AUDIT REPORT

In terms of the provisions of Section 139 of the Companies Act, 2013, an auditor who has completed two terms of five consecutive years is not eligible for reappointment for a period of five years from the completion of such term.

M/s. S. R. Batliboi & Associates, LLP, 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 rule thereunder.

Your Board has recommended the appointment of M/s. B S R & Co. LLP, Chartered Accountants, (ICAI Registration No. 101248W/W-100022) as Statutory Auditors for a term of consecutive 5 years commencing from the conclusion of the forth coming 21st Annual General Meeting till the conclusion of 26th Annual General Meeting to be held in the year 2022.

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 made, would be in conformity with the conditions and criteria specified therein.

The Auditors' Report does not contain any qualification, reservation or adverse remark.

SECRETARIAL AUDITOR

Pursuant to Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company had appointed M/s. P K Pande & Associates, a firm of Practicing Company Secretaries, as the Secretarial Auditor of your Company for the financial year ended 31st March 2017.

The 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.

The Secretarial Auditors' Report does not contain any qualification, reservation or adverse remark.

REPORTING ON FRAUDS BY AUDITORS

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

CORPORATE SOCIAL RESPONSIBILITY

The provisions relating to Corporate Social Responsibility were not applicable to your Company for the year under review.

SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE

Your Company subscribes to guidelines on safety, health and environment and encourages involvement of all its employees in activities related to safety, including promotion of safety standards. Employees across facilities were trained in behavioural safety at work. Statutory requirements relating to various environmental legislations, and environment protection, have been duly complied with by your Company.

HUMAN RESOURCES

Ensuring a good working environment for the employees and enabling them to maintain work life balance are prime goals of your Company as reflected in its employee engagement interventions. Your Company continues to invest in capability building of its people and creating a future-ready talent pool.

STOCK OPTIONS

Relevant details, as required under The Companies (Share Capital and Debentures) Rules 2014 and other applicable provisions of the Companies Act, 2013, are furnished in **Annexure III** and forms part of this Report.

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

Your Company continues to look at Research and Development as an effective tool for meeting its business objectives. Your Company continued to undertake a number of Research & Development projects to upgrade the technology and quality of the product during the year under review. Details of specific area in which Research & Development activities are carried out by your Company in the area of technology absorption, adaptation and innovations etc. and the particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8 (3) of The Companies (Accounts) Rules, 2014 are provided in **Annexure IV** and form part of this Report.

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

Particulars of loans covered under Section 186 of the Companies Act 2013 and granted to employees and workers during the year under review are stated in Notes 6(b) of the financial statement. Your Company had not given any other loan or 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 covered under Chapter V of the Companies Act, 2013, from the public, or its employees, during the year.

Your Company had not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34 (3) and 53 (f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 read with Schedule V applicable to ultimate Holding Company Mahindra and Mahindra Limited.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

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

During the year under review, your company had not entered into any contract/arrangement/transaction with related parties which could be considered material. Accordingly, there are no transactions to be reported in pursuance to Section 134(3)(h) of the Companies Act, 2013.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on March 31, 2017 is annexed as **Annexure V** and 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 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. No 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.
4. Voting Rights which are not directly exercised by the employees in respect of shares for the subscription of which loan was given by the company as there is no scheme pursuant to which such persons can beneficially hold shares as envisaged under section 67(3)(c) of the Companies Act, 2013.
5. Particulars of employees, since the provisions of Section 197 (12) of the Companies Act, 2013 and the Rule 5 (2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, are not applicable to an unlisted Company.

ACKNOWLEDGEMENT

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

Dr. Pawan Kumar Goenka
Chairman

Mumbai, 27th April, 2017

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

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

DEFINITIONS

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

"Board" means Board of Directors of the Company.

"Company" means Mahindra & Mahindra Limited.

"Committee(s)" means Committees of the Board for the time being in force.

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

"HR" means the Human Resource department of the Company.

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

(i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)

(ii) Chief Financial Officer (CFO); and

(iii) Company Secretary (CS).

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

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

I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of director:

  1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.

  2. Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making.

  3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in 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 & Managing Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

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

SENIOR MANAGEMENT PERSONNEL

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

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

II. SUCCESSION PLANNING:

Purpose

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

Board:

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

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

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

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

Senior Management Personnel:

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

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

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

in order to ensure talent readiness as per a 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:

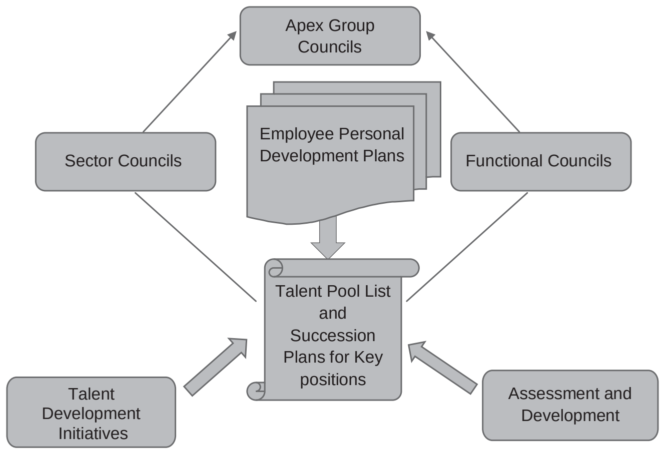
a) **Experience** i.e. both long and short-term assignments. This has 70% weightage

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.

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

Purpose

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Mahindra Reva Electric Vehicles Limited.

Policy Statement

We have a well-defined Compensation policy for Directors, Key Managerial Personnel and all employees, including the Chairman, Presidents and other Members of the Group Executive Board who are employees of the Company. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

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

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

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

Executive Directors:

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 Executive Officer (CEO), Chief Financial Officer (CFO), Manager of the Company & the Company Secretary shall be determined by the Nomination and Remuneration Committee (NRC) shall decide from time to time. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Companies Act 2013 the Board shall approve the remuneration at the time of their appointment.

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

Employees

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

a. For all employees from Operational to Executive Band, we benchmark with a set of comparators from the same industry.

b. For Strategic band and above, we have a position-based approach and the comparator basket includes benchmarks from across relevant industries.

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

- Performance
- Potential
- Criticality
- Longevity in grade

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

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

For and on behalf of the Board

Dr. Pawan Kumar Goenka
Chairman

Mumbai, 27th April, 2017

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

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 Electric Mobility Limited
Registered Office:
Plot No. 66 to 69 & 72 to 76, Bommasandra Industrial Area 4th Phase,
Jigani Link Road, Anekal Taluk, Bangalore-560099

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s Mahindra Electric Mobility Limited (Formerly known as Mahindra Reva Electric Vehicles Limited) (hereinafter called the "Company"). Secretarial Audit was conducted in the manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 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:

I have examined the books, papers, minutes' books, forms and returns filed and other records made available to me and maintained by the Company for the Financial Year ended 31st March, 2017 according to the applicable provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there-under;

(ii) This being an unlisted Public Limited Company, The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there-under will not apply to this Company.

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there-under;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there-under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) For the reasons stated to in point No(ii) above, the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') will not apply to this Company:-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(vi) The Company has complied with the provisions of applicable Fiscal Laws, Corporate and allied Acts, Labor Laws, Environmental Laws and Miscellaneous Acts.

(vii) I have also examined compliance with the Secretarial Standards issued by The Institute of Company Secretaries of India.

I further report that

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

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

P K Pande
Practicing Company Secretary
FCS – 5487; CP No. 3984

Place: Bangalore
Date: 27th April, 2017

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

Details of the Employees Stock Option Scheme:

(a)	options granted	**743,142 (including Nil options granted during the year)**
(b)	options vested	–
(c)	options exercised	–
(d)	the total number of shares arising as a result of exercise of option	–
(e)	options lapsed	743,142
(f)	the exercise price	Exercise Price determined under various ESOP Schemes: Reva ESOP II: Rs. 144.88 Reva ESOP II: Rs. 144.88 ESOS 2012: Rs. 10 ESOS 2013: Rs. 149 ESOS 2014: Rs. 130
(g)	variation of terms of options	Vesting of the options as follows was accelerated: Reva ESOP II: 2,33,437 ESOS 2012: 66,680 ESOS 2013: 1,26,286
(h)	money realized by exercise of options	–
(i)	total number of options in force	–
(g)	employee wise details of options granted to (i) key managerial personnel (ii) any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year (iii) identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	–

For and on behalf of the Board

Dr. Pawan Kumar Goenka
Chairman

Mumbai, 27th April, 2017

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

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014

A. CONSERVATION OF ENERGY

The Company has always been conscious of the need to conserve energy. Your Company's manufacturing facility is having platinum rating from IGBC and significant portion of the energy generated from solar park. These measures are aimed at effective management and utilization of energy resources and have resulted in sustainable cost savings for the company.

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

Your company is using 100% LED lights at its Manufacturing facility.

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

Your Company is having Solar Park in its manufacturing facility. Total power Generated 98,466 units in FY17

(c) the capital investment on energy conservation equipments: Rs. 33.22 Lakhs.

B. TECHNOLOGY ABSORPTION

i) the efforts made towards technology absorption:

Successful completion of Design, Development and Production of e2o-P2 for export with Isolated Architecture meeting global safety norms for the first time in ME. This was used in all further models developed in F17.

Successful Design, Development and Production of 72V EV kits for Electrification of M&M vehicles (eVerito, eSupro) enabling alignment and entry into new market segments.

Successful completion of Range Extender for e2o to extend the range over 250 kms on a single charge addressing a crucial customer requirement.

Executed 16 Technology Improvement Projects in FY17, including Common B-Box design for eVerito and eSupro, Monthly Mailer with predictive data for vehicle maintenance, Electric Vehicle Safety Equipment, Next Gen Telematics Unit, New Motor development (IPM and HV-IM), 14:1 Transmission, Dark Current Reduction, Temperature based Fast Charging, Protection against Residual Voltage, Software Release Process, etc.

Filed 12 PCT applications in India, China and UK in the fields of Systems and Methods for monitoring isolation in high voltage systems, trip planning for vehicles with limited on-board energy, managing the range of vehicles with limited on-board energy, energy management in vehicles and Method and device for surge protection of electric vehicle during charging.

In addition, 11 global patents were granted this year in China, UK, USA and Japan.

ii) the benefits derived like product improvement, cost reduction, product development or import substitution:

Due to its sustained R&D efforts, the Company continued to maintain its leadership in the electric vehicle technology in India. As the overall market for Electric Vehicles significantly expands both in India and abroad, your Company will be one of the major beneficiaries.

iii) During the year, your Company did not import any technology.

iv) the expenditure incurred on Research and Development :

(Rs. in Lakhs)

Description	**Current Year**	Previous Year
a) Capital	**286.11**	591.83
b) Recurring	**1,483.17**	2,241.47
c) Total	**1,769.28**	2,833.31
Total R&D expenditure as a percentage of total turnover	**15.08%**	43.27%

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Total Foreign exchange used and earned (on accrual basis)

(Rs. in Lakhs)

	Current Year	Previous Year
Foreign Exchange used	**251.43**	292.06
Foreign Exchange Earned	**698.37**	416.96

For and on behalf of the Board

Dr. Pawan Kumar Goenka
Chairman

Mumbai, 27th April, 2017

ANNEXURE V 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:

i.	**Corporate Identification Number (CIN):**	:	U34101KA1996PTC020195
ii.	**Registration Date:**	:	2nd April, 1996
iii.	**Name of the Company:**	:	Mahindra Electric Mobility Limited (Formerly Mahindra Reva Electric Vehicles Limited and Mahindra Reva Electric Vehicles 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:**	:	Plot No.66 to 69 & 72 to 76, Bommasandra Industrial Area, Bommasandra, 4th Phase, Jigani Link road, Anekal Taluk, Bengaluru 560099, Karnataka, India. Tel.:+91-081-10421555 Contact: mahindraelectric.com
vi.	**Whether listed company Yes/No:**	:	No
vii.	**Name, Address and Contact details of Registrar and Transfer Agent, if any:**	:	Link Intime India Pvt. Ltd. C-3,Pannalal Silk Mills Compound, LBS Marg, Bhandup (West) Mumbai 400078 Ph. No. 022 25963838 Fax No: 022 25946969

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

Sr. No.	Name and Description of main products/services	NIC Code of the Product/ service	% to total turnover of the company
1	Manufacture of Electric Vehicles	29101	70.23%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Mahindra Vehicle Manufactures Limited	U34100MH2007PLC171151	Holding Company	98.87	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	63,94,924	0	63,94,924	4.61	0	0	0	0	(4.61)
b) Central Govt.	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) State Govt (s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	0	0	0	0	20,52,35,097	5	20,52,35,102	98.87	98.87*
e) Banks/FI	0	0	0	0	0	0	0	0	0
f) Any Other...	0	0	0	0	0	0	0	0	0
Sub-total (A)(1):	**63,94,924**	**–**	**63,94,924**	**4.61**	**20,52,35,097**	**5**	**20,52,35,102**	**98.87**	**94.26**
2. Foreign									
a) NRI-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)	**63,94,924**	**0**	**63,94,924**	**4.61**	**20,52,35,097**	**5**	**20,52,35,102**	**98.87**	**94.26**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt	0	1,07,798	1,07,798	0.08	0	1,07,798	1,07,798	0.05	(0.03)
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):	**0**	**1,07,798**	**1,07,798**	**0.08**	**0**	**1,07,798**	**1,07,798**	**0.05**	**(0.03)**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	12,98,19,505	0	12,98,19,505	93.70	0	0	0	0	(93.70)*
ii) Overseas	0	22,30,561	22,30,561	1.61	0	22,30,561	22,30,561	1.08	(0.53)
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):	**12,98,19,505**	**22,30,561**	**13,20,50,066**	**95.31**	**0**	**22,30,561**	**22,30,561**	**1.08**	**(94.23)**
Total Public Shareholding (B)=(B)(1) + (B)(2)	**12,98,19,505**	**23,38,359**	**13,21,57,864**	**95.39**	**0**	**23,38,359**	**23,38,359**	**1.13**	**(94.26)**
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**13,62,14,429**	**23,38,359**	**13,85,52,788**	**100**	**20,52,35,097**	**23,38,364**	**20,75,73,461**	**100.00**	**0.00**

* Subsequent to the transfer of entire shareholding of 63,94,924 held by erstwhile promoters to Mahindra Vehicle Manufacturers Limited (MVML), MVML has become the promoter of the Company.

(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.	Dr. Sudarshan Kumar Maini	38,93,335	2.81	–	0	0	–	(2.81)
2.	Sandeep Kumar Maini	3,32,476	0.24	–	0	0	–	(0.24)
3.	Chetan Kumar Maini	1,229,446	0.89	–	0	0	–	(0.89)
4.	Reva Maini Jtly. Dr. S. K. Maini	401,187	0.29	–	0	0	–	(0.29)
5.	Reva Maini	251,468	0.18	–	0	0	–	(0.18)
6.	Gautam Maini	287,012	0.20	–	0	0	–	(0.20)
7.	Mahindra Vehicle Manufacturers Limited *	–	–	–	20,52,35,102	98.87	–	98.87
	Total	**63,94,924**	**4.61**	–	**0**	**0**	–	**94.26**

* Subsequent to the transfer of entire shareholding of 63,94,924 held by erstwhile promoters to Mahindra Vehicle Manufacturers Limited (MVML), MVML has become the promoter of the Company.

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

1.	Erstwhile Promoters	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	63,94,924	4.61		
	Date wise Increase / Decrease in * Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. Allotment / transfer / bonus/ sweat equity etc.):	–	–	–	–
	Transfer on 16/11/2016 57,42,269			6,52,655	0.36
	18/11/2016 6,52,655			0	0.00
	Allotment to Promoter on conversion of warrants on 23.11.2016			81,29,742	4.23
	Transfer on 02.12.2016 - (81,29,742)			0	(4.23)
	At the End of the year			**0**	**0**

* Subsequent to the transfer of entire shareholding of 63,94,924 held by erstwhile promoters to Mahindra Vehicle Manufacturers Limited (MVML), MVML has become the promoter of the Company.

2.	Mahindra Vehicle Manufacturers Limited *	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	–	–		
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. Allotment / transfer / bonus/ sweat equity etc.):	–	–	–	
	Holding before becoming promoter			12,98,19,505	93.70
	Allotment on 27.04.2016 100,87,719			13,99,07,224	94.12
	Allotment on 24.06.2016 96,38,553			14,95,45,777	94.48
	Allotment on 28.07.2016 88,35,341			15,83,81,118	94.77
	Allotment on 19.09.2016 78,31,325			16,62,12,443	95.01
	Allotment on 21.10.2016 56,22,490			17,18,34,933	95.16
	Transfer on 16.11.2016 57,42,269			17,75,77,202	98.34
	Transfer on 18.11.2016 6,52,655			17,82,29,857	98.70
	Allotment on 23.11.2016 36,14,458			18,18,44,315	94.55
	Transfer on 02.12.2016 81,29,742			18,99,74,057	98.78
	Allotment on 10.02.2017 80,32,129			19,80,06,186	98.83
	Allotment on 29.03.2017 72,28,916			20,52,35,102	98.88
	At the End of the year			**20,52,35,102**	**98.88**

* Subsequent to the transfer of entire shareholding of 63,94,924 held by erstwhile promoters to Mahindra Vehicle Manufacturers Limited (MVML), MVML has become the promoter of the Company.

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

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	**Technology Development Board, Government of India:**				
	At the beginning of the year	1,07,798	0.08		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.): Due to Non subscription of shares issued on Rights basis.	–	–	–	(0.03)
	At the End of the year (or on the date of separation, if separated during the year)			**1,07,798**	**0.05**
2.	**AEV LLC:**				
	At the beginning of the year	22,30,561	1.61		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.): Due to Non subscription of shares issued on Rights basis.	–	–	–	(0.54)
	At the End of the year (or on the date of separation, if separated during the year)			**22,30,561**	**1.07**

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	**Sandeep Kumar Maini**				
	At the beginning of the year	3,32,476	0.93		
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc): Transfer on 18.11.2016 3,32,476	NIL	NIL	0	0
	At the End of the year			**0**	**0**

V. INDEBTEDNESS:

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01.04.2016)				
i) Principal Amount	18,75,00,000	15,76,62,000		34,51,62,000
ii) Interest due but not paid				0
iii) Interest accrued but not due	33,38,004	1,27,34,209		1,60,72,213
Total (i+ii+iii)	19,08,38,004	17,03,96,209		36,12,34,213
Change in Indebtedness during the financial year				
• Addition				
• Reduction	12,78,63,141	2,03,70,791	0	14,82,33,932
Total (i+ii+iii)	6,29,74,863	15,00,25,418	0	21,30,00,281
Net Change	12,78,63,141	2,03,70,791	0	14,82,33,932
Indebtedness at the end of the financial year (31.03.2017)				
i) Principal Amount	6,25,00,000	14,01,44,000	0	20,26,44,000
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	474,863	98,81,418	0	1,03,56,281
Total (i+ii+iii)	**6,29,74,863**	**15,00,25,418**	**0**	**21,30,00,281**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Rs. in Lakhs)

Sr. No.	**Particulars of Remuneration**	**Name of MD/WTD/ Manager**	**Total Amount**
		A Narayana Swamy	
1.	Gross salary		
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	20.31	**20.31**
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.03	**0.03**
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	**0**
2.	Stock Option	0	**0**
3.	Sweat Equity	0	**0**
4.	Commission	0	**0**
	– as % of profit	0	**0**
	– others, specify...	0.78	**0.78**
5.	Others, please specify	0	**0**
	Total (A)	21.12	**21.12**
	Ceiling as per the Act	Rs. 120 Lakhs p.a. in accordance with Schedule V to the Companies Act, 2013	

B. Remuneration to other directors:

(Rs. in Lakhs)

Sr. No.	**Particulars of Remuneration**	**Name of Directors**		**Total Amount**
		Prof. Ashok Jhunjhunwala	**Ms. Sonali Kulkarni**	
1	Independent Directors			
	• Fee for attending board/committee meetings	4.65	4.65	9.30
	• Commission	0	0	0
	• Others, please specify	0	0	0
	Total (1)	4.65	4.65	9.30
2	Other Non-Executive Directors	0	0	0
	• Fee for attending board/committee meetings	0	0	0
	• Commission	0	0	0
	• Others, please specify	0	0	0
	Total (2)	0	0	0
	Total (B)=(1+2)	4.65	4.65	9.30
	Total Managerial Remuneration			
	Overall Ceiling as per the Act	Rs. 1 Lakh per Independent Director per meeting as per Companies Act, 2013.		

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(Rs. in Lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel				Total Amount
		CEO	CEO	Company Secretary	CFO	
1.	Gross salary	Arvind Mathew	Mahesh Babu	Shweta Mayekar	Ajay Patel	
		(01.04.2016 to 30.11.2016)	(01.12.2016 to 31st March, 2017)			
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	120.35	25.19	0	30.96	176.50
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.26	0.64	0	0.06	0.96
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0	0	0
2.	Stock Option	0	0	0	0	0
3.	Sweat Equity	0	0	0	0	0
4.	Commission					
	– as % of profit	0	0	0	0	0
	– others, specify... (Employer Contribution to PF)	2.98	2.09	0	1.28	6.35
5.	Others, please specify	0	0	3.97	0	3.97
	Total	**123.59**	**27.92**	**3.97**	**32.30**	**187.78**

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

For and on behalf of the Board

Dr. Pawan Kumar Goenka
Chairman

Mumbai, 27th April, 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of Mahindra Electric Mobility Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Mahindra Electric Mobility Limited** ("the Company"), which comprise the Balance Sheet as at 31st 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, profit or loss, 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 standalone 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 31st March 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 31st March 2017, and 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 2" to this report;

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 34 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 Note 40 to these Ind AS financial statements as to the holding of Specified Bank Notes on 8th November 2016 and 30th December 2016 as well as dealings in Specified Bank Notes during the period from 8th November 2016 to 30th December 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 holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Navin Agrawal
Partner
Membership Number: 56102

Place of Signature: Mumbai
Date: 27th April 2017

ANNEXURE 1 REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE

Re: **Mahindra Electric Mobility Limited** ('the Company')

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.

(c) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.

(ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of Section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.

(v) The Company has not accepted any deposits with in the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014.

(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products of the Company.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount of demand* (Rs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Penalty and interest	51,725,658	Feb 2008 to Feb 2010	CESTAT
Finance Act, 1994	Service Tax including penalty and interest	15,799,017	2005-2008	CESTAT
Customs Act, 1962	Redemption fine and penalty	9,600,000	2015-16	CESTAT
Income Tax Act, 1961	Penalty	110,000,000	2011-12	CIT-Appeals
	Total	**187,124,675**		

Against the above, Rs. 25,000,000 is paid under protest

(viii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or government.

(ix) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not raised any money by way of initial public offer/further public offer/debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that the managerial remuneration has been paid / provided in accordance with the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully/partly convertible debentures during the year and hence not commented upon.

(xv) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with them.

(xvi) According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934, are not applicable to the Company.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Navin Agrawal
Partner
Membership Number: 56102

Place of Signature: Mumbai
Date: 27th April 2017

ANNEXURE 2 REFERRED IN PARAGRAPH 2(f) TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF MAHINDRA ELECTRIC MOBILITY LIMITED

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

To the Members of **Mahindra Electric Mobility Limited**

We have audited the internal financial controls over financial reporting of Mahindra Electric Mobility Limited ("the Company") as of 31st March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls 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 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 **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Navin Agrawal
Partner
Membership Number: 56102

Place of Signature: Mumbai
Date: 27th April 2017

BALANCE SHEET AS AT 31ST MARCH 2017

(All amounts in Indian Rupees, except as otherwise stated)

	Notes	31st March 2017	31st March 2016	1st April 2015
ASSETS				
Non-current assets				
Property, Plant and Equipment	3	**1,079,008,976**	764,647,733	663,287,757
Capital Work-in-Progress		**90,790,579**	56,949,071	22,256,534
Other Intangible Assets	4(i)	**740,899,565**	650,822,975	415,776,301
Intangible Assets Under Development	4(ii)	**24,560,403**	223,407,613	426,958,403
Financial Assets				
Other deposits	5	**20,631,634**	2,666,591	1,026,156
Other Non-current Assets	6	**71,945,255**	207,040,239	169,111,899
		2,027,836,412	1,905,534,222	1,698,417,050
Current assets				
Inventories	7	**390,470,626**	272,898,568	204,865,245
Financial Assets				
Investments	8	**49,504,895**	87,045,662	34,175,142
Trade Receivables	9	**356,838,506**	56,448,302	36,627,280
Cash and Cash Equivalents	10	**62,303,522**	127,192,358	56,530,700
Other Financial Assets	11	**7,534**	22,329	250,004
Other Current Assets	6	**419,888,348**	285,722,592	125,148,929
		1,279,013,431	829,329,811	457,597,300
TOTAL ASSETS		**3,306,849,843**	2,734,864,033	2,156,014,350
EQUITY AND LIABILITIES				
Equity				
Equity Share Capital	12	**2,075,734,610**	1,385,527,880	356,870,690
Other Equity				
Share Application Money Pending Allotment		**199,999,987**	229,999,993	–
Securities Premium Reserve		**5,592,918,627**	4,587,392,241	3,524,256,073
ESOP Outstanding		**–**	–	2,273,856
Retained Earnings		**(5,583,805,878)**	(4,453,161,459)	(3,539,580,187)
Equity attributable to equity holders of the Company		**2,284,847,346**	1,749,758,655	343,820,432
Non-current liabilities				
Financial Liabilities				
Borrowings	13	**122,626,000**	202,644,000	340,970,502
Other Financial Liabilities	14	**5,181,400**	8,246,962	12,386,015
Provisions	15	**80,975,653**	79,085,850	64,277,902
Other Non-current Liabilities	16	**26,316,246**	43,983,090	57,500,000
		235,099,299	333,959,902	475,134,419
Current liabilities				
Financial Liabilities				
Borrowings	17	**–**	–	730,000,000
Trade Payables	18	**628,936,326**	378,384,171	311,496,422
Other Financial Liabilities	14	**85,192,881**	150,343,251	149,989,983
Provisions	15	**21,907,894**	18,810,595	13,898,899
Other Current Liabilities	16	**50,866,097**	103,607,459	131,674,195
		786,903,198	651,145,476	1,337,059,499
TOTAL EQUITY AND LIABILITIES		**3,306,849,843**	2,734,864,033	2,156,014,350
Summary of significant accounting policies	2.3			

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

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
Firm Registration Number: 101049W/E300004

per Navin Agrawal
Partner
Membership No.: 56102

Place: Mumbai
Date: 27th April, 2017

For and on behalf of the Board of Directors of

Mahindra Electric Mobility Limited

Dr. Pawan Kumar Goenka Chairman
V. S. Parthasarthy Director
Shweta Mayekar Company Secretary
Ajay Patel Chief Financial Officer
Mahesh Babu Chief Executive Officer

Place: Mumbai
Date: 27th April, 2017

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

(All amounts in Indian Rupees, except as otherwise stated)

	Notes	31st March 2017 Rs.	31st March 2016 Rs.
Income			
Revenue from operations	19	**1,172,894,230**	654,778,207
Other income	20	**22,795,252**	22,878,284
Total Revenue		**1,195,689,482**	677,656,491
Expenses			
Cost of raw material and components consumed	21	**914,282,130**	514,489,235
(Increase)/decrease in inventories	22	**(13,391,006)**	9,479,986
Excise duty on sale of goods		**68,351,799**	50,607,570
Employee benefits expense	23	**442,325,316**	301,763,178
Depreciation and amortisation	3 & 4	**408,585,852**	261,908,877
Finance costs	24	**18,077,648**	46,371,125
Other expenses	25	**489,304,780**	403,541,840
Total Expenses		**2,327,536,519**	1,588,161,811
Loss before tax from continuing operations		**(1,131,847,036)**	(910,505,320)
Income tax expense		**–**	–
Loss after tax		**(1,131,847,036)**	(910,505,320)
Other comprehensive income- not to be reclassified to profit or loss in subsequent periods			
Actuarial Gain/(Loss)		**1,202,617**	(3,075,952)
Other comprehensive income for the year, net of tax		**1,202,617**	(3,075,952)
Total comprehensive income for the year, net of tax attributable to:			
Owners of the Company		**(1,130,644,419)**	(913,581,272)
Earnings per equity share			
Basic	31	**(6.53)**	(9.78)
Diluted	31	**(6.53)**	(9.78)
Summary of significant accounting policies	2.3		

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

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
Firm Registration Number: 101049W/E300004

per Navin Agrawal
Partner
Membership No.: 56102

Place: Mumbai
Date: 27th April, 2017

For and on behalf of the Board of Directors of

Mahindra Electric Mobility Limited

Dr. Pawan Kumar Goenka Chairman
V. S. Parthasarthy Director
Shweta Mayekar Company Secretary
Ajay Patel Chief Financial Officer
Mahesh Babu Chief Executive Officer

Place: Mumbai
Date: 27th April, 2017

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2017

(All amounts in Indian Rupees, except as otherwise stated)

	31st March 2017	31st March 2016
Cash flows from operating activities		
Loss before tax for the year	**(1,131,847,036)**	(910,505,320)
Adjustments for:		
Provisions no longer required written back	**(2,134,275)**	(4,969,571)
Provision for doubtful debts and advances	**1,738,569**	6,499,828
Interest costs recognised in profit or loss	**16,730,802**	45,012,478
Interest income	**(3,421,858)**	(6,300,474)
Net gain on sale of current investment (including fair value change in financial instrument)	**(2,913,508)**	(5,533,450)
Share-based payment expense	**–**	943,454
Actuarial gain/loss(reclassification to OCI)	**1,202,617**	(3,075,952)
Loss on disposal of property, plant and equipment	**3,776,172**	529,473
Depreciation and amortisation of tangible and intangible assets.	**408,585,852**	261,908,877
Intangibles under development written off	**–**	32,222,908
Net foreign exchange (gain)/loss	**(257,394)**	(1,480,697)
Movements in working capital:		
Increase in trade receivables	**(298,255,929)**	(23,714,330)
Increase in non current assets	**(19,703,611)**	(4,246,953)
Increase in current assets	**(134,165,752)**	(160,573,662)
Increase in inventories	**(117,572,058)**	(68,033,323)
Increase in trade payables	**233,752,109**	68,704,743
Increase in non current provisions	**2,978,952**	12,332,616
Increase in current provisions	**1,167,311**	5,037,552
Decrease in other non current liabilities	**(17,516,557)**	(13,516,910)
Decrease in other current liabilities	**(51,253,432)**	(16,560,654)
Cash generated from operations	**(1,109,109,026)**	(785,319,367)
Income taxes (paid)/received	**42,549,040**	(611,733)
Net cash flows used in operating activities	**(1,066,559,986)**	(785,931,100)
Cash flows from investing activities		
Purchase of property,plant and equipment/other intangibles/Capital Work-in-Progress/Intangible assets under development	**(545,904,343)**	(496,453,862)
Proceeds from disposal of property, plant and equipment	**1,629,159**	2,038,743
Interest received	**3,436,653**	6,528,149
Purchase of investments	**(513,500,000)**	(695,900,000)
Proceeds from sale of investments	**553,954,276**	648,562,930
Net cash flows used in investing activities	**(500,384,255)**	(535,224,040)
Cash flows from financing activities		

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017

		31st March 2017	31st March 2016
Proceeds from issue of equity instruments		**1,665,733,110**	2,318,576,041
Repayment of short term borrowings		**(17,518,000)**	(725,342,780)
Repayment of long term borrowings		**(125,000,000)**	(142,518,000)
Interest paid		**(21,159,705)**	(58,898,463)
Net cash flow from financing activities		**1,502,055,405**	1,391,816,798
Net increase in cash and cash equivalents		**(64,888,836)**	70,661,658
Cash and cash equivalents at the beginning of the year		**127,192,358**	56,530,700
Cash and cash equivalents at the end of the year		**62,303,522**	127,192,358
Components of cash and cash equivalents			
Cash on hand		**8,377**	11,556
Balance with banks –			
Current account		**12,295,145**	27,180,802
Deposit account		**50,000,000**	100,000,000
Total cash and cash equivalents		**62,303,522**	127,192,358
Summary of significant accounting policies	2.3		

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

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
Firm Registration Number: 101049W/E300004

per Navin Agrawal
Partner
Membership No.: 56102

Place: Mumbai
Date: 27th April, 2017

For and on behalf of the Board of Directors of

Mahindra Electric Mobility Limited

Dr. Pawan Kumar Goenka Chairman
V. S. Parthasarthy Director
Shweta Mayekar Company Secretary
Ajay Patel Chief Financial Officer
Mahesh Babu Chief Executive Officer

Place: Mumbai
Date: 27th April, 2017

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

(All amounts in Indian Rupees, except as otherwise stated)

Equity Share capital

Equity shares of Rs. 10 each issued, subscribed and fully paid	No. of shares	Amount
As at 1st April 2015	35,687,069	356,870,690
Changes in equity share capital during the year	102,865,719	1,028,657,190
As at 31st March 2016	138,552,788	1,385,527,880
Changes in equity share capital during the year	69,020,673	690,206,730
As at 31st March 2017	207,573,461	2,075,734,610

Other Equity

		Reserves and Surplus			
Particulars	**Share application money pending allotment**	**Securities Premium Reserve**	**ESOP Outstanding**	**Retained Earnings**	**Total**
As at 1st April 2015	–	3,524,256,073	2,273,856	(3,539,580,187)	(13,050,258)
Profit/(Loss) for the period	–	–	–	(910,505,320)	(910,505,320)
Other Comprehensive Income/(Loss)	–	–	–	(3,075,952)	(3,075,952)
Total Comprehensive Income for the year	**–**	**–**	**–**	**(913,581,272)**	**(913,581,272)**
Issue of Share Capital	–	1,067,920,458	–	–	1,067,920,458
Share application money received pending for allotment	229,999,993	–	–	–	229,999,993
Exercise of share options	–	(4,784,290)	(2,273,856)	–	(7,058,146)
As at 31st March 2016	**229,999,993**	**4,587,392,241**	**–**	**(4,453,161,459)**	**364,230,775**
Profit/(Loss) for the period	–	–	–	(1,131,847,036)	(1,131,847,036)
Other Comprehensive Income/(Loss)	–	–	–	1,202,617	1,202,617
Total Comprehensive Income for the year	**–**	**–**	**–**	**(1,130,644,419)**	**(1,130,644,419)**
Issue of Share Capital	(229,999,993)	1,005,526,386	–	–	775,526,393
Share application money received pending for allotment	199,999,987	–	–	–	199,999,987
As at 31st March 2017	**199,999,987**	**5,592,918,627**	**–**	**(5,583,805,878)**	**209,112,736**

Description of the nature and purpose of Other Equity

Share Application Money pending allotment:

The Company has received an amount of Rs. 199,999,987 towards share application money for 8,032,128 equity shares of the Company at a premium of Rs. 14.90 (31st March, 2016: Rs. 229,999,993 for equity shares at a premium of Rs. 12.80 allotted on 27th April 2016). The share application money was received pursuant to an invitation to offer shares and in terms of such invitation, the Company has completed the allotment on 27th April, 2017 . The Company has sufficient authorised capital to cover the allotment of these shares.

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

1. Corporate Information

Mahindra Electric Mobility Limited (formerly Mahindra Reva Electric Vehicles Limited) ('the Company') is engaged in design and manufacture of electrically powered vehicles and licensing of related technology for end use vehicles. The marketing of the car is done through a network of dealers in India and abroad.

The Company is an unlisted public limited Company domiciled in India and is incorporated under the provisions of the Indian Companies Act. The registered office of the Company is located at Plot No 66 to 69 & 72 to 76, Bommasandra Industrial Area, 4th Phase, Jigani Link Road, Anekal Taluk, Bangalore 560 099.

The Company converted from private limited to public Company effective from December 30th, 2015 and the name of the Company is changed to Mahindra Electric Mobility Limited effective 15th February 2017.

In the board meeting held on 27th April 2017, the board has approved to issue these financials to shareholders of the Company.

2.1. Statement of compliance

The financial statements 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 31st March 2016, the Company had prepared and presented its financial statements in accordance with the accounting standards notified under the Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('Previous GAAP'). These are the Company's first Ind AS financial statements. The date of transition to Ind AS is 1st April 2015. Refer Note 37 for the details of first-time adoption and 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 (refer accounting policy regarding financial instruments), which 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. Summary of significant accounting policies

a) 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.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

b) Foreign currencies

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Company uses an average rate if the average approximates the actual rate 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 differences arising on settlement or translation of monetary items are 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 OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

c) Fair value measurement

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 isdirectly 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.

The Company's management determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by the management after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years. The management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management, in conjunction with the Company's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. This includes a discussion of the major assumptions used in the valuations.

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.

d) 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 inventory and credit risks. Revenue includes excise duty and excludes sales tax/value added tax.

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. The Company provides normal warranty provisions for general repairs on all its products sold, in line with the industry practice. A liability is recognised at the time the product is sold.

Rendering of services

Revenue from development of technology and engineering services is recognised by reference to the stage of completion. Stage of completion is measured by reference to cost incurred to date as a percentage of total estimated cost for each contract. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Revenue from licensing of technology is recognised upon completion of performance obligation under the terms of agreement with the customer.

Interest income

For all debt 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 but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

e) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised 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 recognised as income in equal amounts over the expected useful life of the related asset.

f) 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

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 an 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 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 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.

Sales/value added taxes

Expenses and assets are recognised net of the amount of 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.

g) Property, plant and equipment

The Company has elected to continue with the gross carrying value for all of its property, plant and equipment as recognised in its previous GAAP financial statements as deemed cost at the transition date, viz., April 1st, 2015.

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. This applies mainly to components for machinery. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific 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.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from its previously assessed standard of performance. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Borrowing costs directly attributable to acquisition of property, plant and equipment which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets. Costs of assets not ready for use at the balance sheet date are disclosed under capital work- in- progress.

An item of property, plant and equipment and any significant part initially recognized is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition 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 Property, plant and equipment is de-recognized.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated range of useful lives of the assets as follows:

- Factory Building **– 30 years**
- Plant, tools & equipment **– 8 to 15 years**
- Computers, office equipment, furniture & fixtures **– 3 to 10 years**
- Vehicles **– 5 years**

The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

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.

h) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost and carried at cost less any accumulated amortisation and accumulated impairment losses.

Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset

- The ability to measure reliably the expenditure during development

During the period of development, the asset is tested for impairment annually.

Intangible assets 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 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 lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

De recognition

Gains or losses arising from de recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

i) 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.

j) 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.

For arrangements entered into prior to 1st April 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. The Company does not have any finance 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.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Contingent rents are recognised as revenue in the period in which they are earned.

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.

k) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: cost 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.
- Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost of finished goods includes excise duty.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

l) 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) net selling price and its value in use. The 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 groups 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 net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses 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.

m) Provisions

General

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.

Warranty provision

Provisions for warranty-related costs are recognised when the product is sold or service provided to the customer.

Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

n) 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.

o) Retirement and other employee 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. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset.

The Company operates a defined benefit gratuity plan which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined on the basis of on actuarial valuation at the year end, using the projected unit credit method.

Long-term compensated absences are provided for based on the actuarial valuation carried out at year-end using the projected unit credit method. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

Gains and losses through re-measurements of the net defined benefit liability/ (asset) are recognized in other comprehensive income and are not reclassified to profit or loss in a subsequent period. Further, as required under Ind AS compliant Schedule III, the Company transfers those amounts recognised in other comprehensive income to retained earnings.

p) Share-based payments

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

q) 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 and liabilities are recognized 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.

Financial assets at amortized cost

Financial assets are subsequently measured at amortized 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 amortized 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 recognized in statement of profit and loss.

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.

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.

Derecognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for de-recognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized when the obligation specified in the contract is discharged or cancelled or expires.

Impairment of financial assets

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired and measures 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.

Impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the statement of profit and loss (P&L).

Financial liabilities

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 as applicable.

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. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments as defined by Ind AS 109. Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities at amortized cost

Financial liabilities are subsequently carried at amortized cost using the effective interest ('EIR') method.

Interest-bearing loans and borrowings are subsequently measured at amortised cost using EIR method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

De-recognition of financial instruments

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for de-recognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized when the obligation specified in the contract is discharged or cancelled or expires.

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. 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.

Offsetting of financial instruments

Financial 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 recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

r) 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.

s) Earnings/(Loss) Per Share

Basic earnings/(loss) per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings/(loss) per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. Potential equity shares are anti-dilutive since their conversion to equity shares would decrease loss per share from continuing ordinary activities. Accordingly, the effects of anti-dilutive potential equity shares are ignored in calculating dilutive earnings per share.

3. Property, Plant and Equipment

Description of Assets	Land - Freehold	Buildings - Freehold	Buildings - Leasehold	Plant and Equipment	Tools and fixtures	Office Equipment	Computer equipments	Furniture and Fixtures	Vehicles	Batteries	Total
At Cost											
At 1st April 2015	15,180,637	165,693,764	24,790,853	172,419,125	375,808,482	13,345,231	36,660,862	15,808,998	83,203,199	66,766,675	969,677,826
Additions	–	8,365,433	4,734,195	25,620,750	13,651,065	1,937,412	8,122,764	2,989,028	35,644,488	106,151,265	207,216,400
Disposals	–	–	(404,206)	–	–	(5,535)	(134,400)	–	(4,282,341)		(4,826,482)
At 31st March 2016	**15,180,637**	**174,059,197**	**29,120,842**	**198,039,875**	**389,459,547**	**15,277,108**	**44,649,226**	**18,798,026**	**114,565,346**	**172,917,940**	**1,172,067,744**
Additions	68,391,255	–	–	45,258,407	275,735,177	1,540,216	5,549,136	564,871	44,034,400	25,670,383	466,743,845
Disposals	–	–	(27,750,438)	(3,458,546)	(10,022,836)	(7,500)	(1,734,888)	–	(19,089,446)	–	(62,063,654)
At 31st March 2017	**83,571,892**	**174,059,197**	**1,370,404**	**239,839,736**	**655,171,888**	**16,809,824**	**48,463,474**	**19,362,897**	**139,510,300**	**198,588,323**	**1,576,747,935**
Depreciation											
At 1st April 2015	–	17,015,252	17,729,315	45,297,551	134,105,577	9,222,470	28,507,170	9,544,943	39,357,670	5,610,122	306,390,070
Depreciation charge for the year	–	5,455,993	2,375,509	11,007,460	38,399,965	2,142,175	5,612,159	1,641,990	19,768,126	16,884,830	103,288,207
Disposals	–	–	(404,205)	–	–	(5,535)	(134,399)	–	(1,714,127)		(2,258,266)
At 31st March 2016	–	**22,471,245**	**19,700,619**	**56,305,011**	**172,505,542**	**11,359,110**	**33,984,930**	**11,186,933**	**57,411,669**	**22,494,952**	**407,420,011**
Depreciation charge for the year	–	5,479,242	6,260,340	20,157,381	57,649,721	1,706,998	5,955,203	1,268,345	20,998,567	27,501,474	146,977,271
Disposals	–	–	(25,373,371)	(3,458,539)	(10,022,789)	(2,911)	(1,697,432)	–	(16,103,281)	–	(56,658,323)
At 31st March 2017	–	**27,950,487**	**587,588**	**73,003,853**	**220,132,474**	**13,063,197**	**38,242,701**	**12,455,278**	**62,306,955**	**49,996,426**	**497,738,959**
Net book value											
At 1st April 2015	**15,180,637**	**148,678,512**	**7,061,538**	**127,121,574**	**241,702,905**	**4,122,761**	**8,153,692**	**6,264,055**	**43,845,529**	**61,156,553**	**663,287,757**
At 31st March 2016	**15,180,637**	**151,587,952**	**9,420,223**	**141,734,864**	**216,954,005**	**3,917,998**	**10,664,296**	**7,611,093**	**57,153,677**	**150,422,988**	**764,647,733**
At 31st March 2017	**83,571,892**	**146,108,710**	**782,816**	**166,835,883**	**435,039,414**	**3,746,627**	**10,220,773**	**6,907,619**	**77,203,345**	**148,591,897**	**1,079,008,976**

Notes:

a. Vehicles as on 31st March 2017 includes self generated assets with cost aggregating to Rs. 123,597,299 [(31st March 2016 - Rs. 104,578,869), (1st April 2015 - Rs. 71,351,834)].

b. Tools and Fixtures includes tools aggregating to Rs. 632,501,646 [(31st March 2016-Rs. 375,439,547), (1st April 2015 - Rs 371,058,997)] lying with third party vendors.

c. Batteries are given to customers on operating lease arrangement.

Assets pledged as security and restriction on titles :

EXIM Bank loan is secured by a first pari passu charge on the land and immovable properties and hypothecation of entire movable fixed assets, both present and future, repayable in 16 equal quarterly instalments commencing from January 1st, 2014. The loan carries interest at 8.5% for first three years and 12% for next four years.

4(i). Other Intangible Assets

	Technical Knowhow Rs.	Product Development Expenditure Rs.	Computer Software Rs.	Total Rs.
Intangible Assets				
Cost				
At 1st April 2015	312,454,338	876,568,051	43,194,264	1,232,216,653
Additions	–	382,139,898	11,527,446	393,667,344
Disposals	–	–	–	–
At 31st March 2016	**312,454,338**	**1,258,707,949**	**54,721,710**	**1,625,883,997**
Additions	–	341,545,582	10,139,589	351,685,171
Disposals	–	–	–	–
At 31st March 2017	**312,454,338**	**1,600,253,531**	**64,861,299**	**1,977,569,168**
Amortisation and impairment				
At 1st April 2015	304,634,893	478,850,912	32,954,547	816,440,352
Amortisation expense for the year	7,819,445	145,581,742	5,219,483	158,620,670
At 31st March 2016	**312,454,338**	**624,432,654**	**38,174,030**	**975,061,022**
Amortisation expense for the year	–	254,234,724	7,373,857	261,608,581
At 31st March 2017	**312,454,338**	**878,667,378**	**45,547,887**	**1,236,669,603**
Net book value				
At 1st April 2015	7,819,445	397,717,139	10,239,717	415,776,301
At 31st March 2016	–	**634,275,295**	**16,547,680**	**650,822,975**
At 31st March 2017	–	**721,586,153**	**19,313,412**	**740,899,565**

4(ii). Intangible Assets Under Development

a) Movement during the year

Description	**31st March 2017 Rs.**	31st March 2016 Rs.	1st April 2015 Rs.
At the beginning of the year	**223,407,613**	426,958,403	234,258,091
Expenses incurred during the year	**148,316,931**	224,147,160	203,632,746
Capitalised during the year*	**(352,560,668)**	(390,078,515)	(10,932,434)
Reclassification/(Reversed) during the year	**5,396,527**	(37,619,435)	–
At the end of the year	**24,560,403**	223,407,613	426,958,403

* Includes plant and equipments capitalised Rs 11,015,086 (31st March 2016 Rs 7,938,617)

b) Expenses incurred during the year

	31st March 2017	31st March 2016
Raw Material and Components	**22,307,244**	18,733,060
Salaries and Wages	**75,418,410**	152,590,032
Professional Charges	**23,157,270**	10,155,938
Rent	**2,600,260**	3,384,330
Testing Charges	**18,157,167**	21,086,739
Subcontracting charges	**2,352,885**	2,578,850
Travel expenses	**2,654,233**	3,324,154
Interest expense	**1,669,462**	12,294,057
	148,316,931	224,147,160

5. Other deposits

	31st March 2017 Rs.	31st March 2016 Rs.	1st April 2015 Rs.
Non-Current			
Security Deposits			
Unsecured, considered good	**20,631,634**	2,666,591	1,026,156
Doubtful	**843,993**	843,993	843,993
Less: Allowance for Credit Losses	**(843,993)**	(843,993)	(843,993)
	20,631,634	2,666,591	1,026,156

6. Other assets

a) Non Current

	31st March 2017 Rs.	31st March 2016 Rs.	1st April 2015 Rs.
Capital advances			
Unsecured, Considered Good	**67,680,616**	160,226,560	122,909,953
Advances other than capital advances			
Unsecured, Considered Good			
Advance income-tax (net of provision for taxation)	**4,264,639**	46,813,679	46,201,946
	4,264,639	46,813,679	46,201,946
Doubtful			
Advances recoverable in cash or kind	**9,394,393**	7,655,825	6,715,099
Balances with statutory/ government authorities	**49,666,844**	49,666,844	48,001,052
	59,061,237	57,322,669	54,716,151
Less:Provision for doubtful balances	**(59,061,237)**	(57,322,669)	(54,716,151)
	–	–	–
	71,945,255	207,040,239	169,111,899

b) Current

	31st March 2017 Rs.	31st March 2016 Rs.	1st April 2015 Rs.
Unsecured, Considered Good			
Advances recoverable in cash or kind	**80,042,130**	64,905,275	16,925,334
Balances with statutory/government authorities*	**325,819,978**	209,837,481	100,600,725
Other advances	**14,026,240**	10,979,836	7,622,870
	419,888,348	285,722,592	125,148,929

* Includes Rs. 2,50,00,000 paid under protest against disputed demands.

7. Inventories (at lower of cost and net realisable value)

	31st March 2017 Rs.	31st March 2016 Rs.	1st April 2015 Rs.
Raw materials	**362,122,288**	257,941,236	180,427,927
Finished goods	**28,348,338**	14,957,332	24,437,318
	390,470,626	272,898,568	204,865,245

During the year ended 31st March 2017, Rs. 3,387,047 (31st March 2016: Nil) was recognised as an expense for inventories carried at net realisable value.

Included above, goods-in-transit:

Raw materials	71,832,693	33,534,281	22,080,957

8. Investments-Current (at Fair Value through Profit and Loss)

Unquoted mutual funds	**31st March 2017 Rs.**	31st March 2016 Rs.	1st April 2015 Rs.
IDFC Ultra Short Term – Growth (2016- 941,832 units)	–	20,000,000	–
Birla Sun Life Savings Fund – Growth (2016-58,048 units)	–	17,000,000	–
HDFC Liquid Fund – Growth (2016-5,041 units)	–	15,045,107	–
Tata Money Market Fund Plan A – Growth (2015 - 1,625 units)	–	–	3,574,827
ICICI Prudential Flexible Income – Growth (2015 - 9,500 units)	–	–	2,499,456
98,139 units ICICI Money Market Fund - Cash – Growth (2016 - 47,945 units 2015 - 7,787 units)	**22,020,719**	10,026,470	1,504,869
5,139 units 'Mahindra Liquide Fund	**5,404,473**	–	–
3,776 units 'Kotak Floater – R - Growth	**10,059,195**	–	–
4,525 units UTI Liquid Cash – Growth	**12,020,508**	–	–
IDFC Cash Fund – Growth (2016-13,582 units, 2015 - 600 units)	–	24,974,085	1,019,261
Taurus Liquid Fund – Growth (2015 - 16,911 units)	–	–	25,576,729
Total	**49,504,895**	87,045,662	34,175,142

9. Trade receivables

	31st March 2017 Rs.	31st March 2016 Rs.	1st April 2015 Rs.
Non Current			
Doubtful	**5,733,912**	7,868,187	3,974,877
Less: Allowance for bad and doubtful debts	**(5,733,912)**	(7,868,187)	(3,974,877)
	–	–	–
Current			
Unsecured, considered good	**356,838,506**	56,448,302	36,627,280
Doubtful	–	–	–
Less: Allowance for bad and doubtful debts	–	–	–
	356,838,506	56,448,302	36,627,280
Of the above, trade receivables from :			
– Related Parties	**89,792,750**	32,110,274	22,460,405
– Others	**267,045,756**	24,338,028	14,166,875
	356,838,506	56,448,302	36,627,280

Note :
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.

10. Cash and Bank Balances

Cash and cash equivalents	**31st March 2017 Rs.**	31st March 2016 Rs.	1st April 2015 Rs.
Balances with banks:			
On current accounts	**12,295,145**	27,180,802	5,606,702
Deposits with original maturity less than three months	**50,000,000**	100,000,000	50,900,000
Cash on hand	**8,377**	11,556	23,998
	62,303,522	127,192,358	56,530,700

11. Other financial assets

Current	**31st March 2017 Rs.**	31st March 2016 Rs.	1st April 2015 Rs.
Other Financial assets at amortised Cost			
Interest accrued on deposits	**7,534**	22,329	250,004
	7,534	22,329	250,004

12. Equity Share Capital

	31st March 2017 No. of shares	31st March 2016 No. of shares	1st April 2015 No. of shares
Authorised:			
Equity shares of Rs. 10 each with voting rights	**300,000,000**	250,000,000	135,482,650
Issued Capital:			
Equity shares of Rs. 10 each with voting rights	**219,763,053**	138,552,788	35,687,069
Subscribed and Fully Paid:			
Equity shares of Rs. 10 each with voting rights	**207,573,461**	138,552,788	35,687,069

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

(a) Equity Shares with Voting rights

Particulars	**Opening Balance**	**Fresh Issue**	**ESOP**	**Closing Balance**
As at 31st March 2017				
No. of Shares	138,552,788	69,020,673	–	207,573,461
Amount	1,385,527,880	690,206,730	–	2,075,734,610
As at 31st March 2016				
No. of Shares	35,687,069	102,799,039	66,680	138,552,788
Amount	356,870,690	1,027,990,390	666,800	1,385,527,880
As at 1st April 2015				
No. of Shares	32,610,145	3,076,924	–	35,687,069
Amount	326,101,450	30,769,240	–	356,870,690

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 Directors is subject to approval of the shareholders in the ensuing 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 Shares	
	Equity Shares with Voting rights	**Equity Shares with Differential Voting rights**
As at 31st March 2017		
Mahindra Vehicle Manufacturers Limited, the Holding Company*	205,235,102	–
As at 31st March 2016		
Mahindra Vehicle Manufacturers Limited, the Holding Company	129,819,505	–
As at 1st April 2015		
Mahindra & Mahindra Limited, the Holding Company**	27,020,466	–

*Includes 5 shares jointly held with directors.

** Ultimate Holding Company effective from December 30th, 2015.

(iv) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	31st March 2017 Number of shares held	31st March 2017 % holding in that class of shares	31st March 2016 Number of shares held	31st March 2016 % holding in that class of shares	1st April 2015 Number of shares held	1st April 2015 % holding in that class of shares
Equity shares with voting rights						
Mahindra Vehicle Manufacturers Limited, (Holding Company)	**205,235,102**	**98.87%**	129,819,505	93.70%	–	–
Mahindra & Mahindra Limited	–	–	–	–	27,020,466	75.72%
Sudarshan Kumar Maini	–	–	3,893,335	2.81%	3,893,335	10.91%
AEV LLC	**2,230,561**	**1.07%**	2,230,561	1.61%	2,230,561	6.25%
Total	**207,465,663**	**99.95%**	**135,943,401**	**98.12%**	**33,144,362**	**92.87%**

The Company offered 200,000,000 convertible warrants to existing shareholders on rights basis on such terms and conditions as contained in the resolution passed by the Board of Directors on 29th April 2015. The offer of warrants expired on 30th June 2015 and the final date of conversion is 30th November 2016. The allottee shall be entitled for one equity share of Rs. 10 each of the Company for each such warrant at a price ranging from Rs. 20 to Rs. 24.90 each, depending on the period of conversion. Out of 186,895,203 warrants accepted by the shareholders, 152,944,209 warrants were converted into equity shares and 33,950,994 unsubscribed warrants are lapsed. Number of warrants outstanding for conversion as on 31st March 2017 is Nil (31st March 2016 :10,087,719).

(v) As of 31st March 2017 Nil [(31st March 2016: 10,087,719 shares) (1st April, 2015:Nil shares)] are reserved for issuance against share warrants outstanding.

(vi) As of 31st March 2017 12,189,592 shares [(31st March 2016: Nil shares)(1st April, 2015:Nil shares)] are reserved for issuance against rights issue outstanding.

13. Non Current Borrowings

	31st March 2017	31st March 2016	1st April 2015
Secured Borrowings - at amortised cost			
Term Loans			
From Export-Import Bank of India	–	62,500,000	187,500,000
Total	–	62,500,000	187,500,000
Unsecured Borrowings - at amortised Cost			
Term Loans			
From Council of Scientific and Industrial Research	**122,626,000**	140,144,000	153,470,502
Total	**122,626,000**	140,144,000	153,470,502
Total Borrowings	**122,626,000**	202,644,000	340,970,502

(i) Details of Long term Borrowings:

Description of the instrument	Currency of Loan	Coupon Interest Rate	Repayment Bullet (or) Instalment	Number of Instalments	Period of redemption	Remarks
Secured						
Term loans from banks:						**Interest:**
Export-Import Bank of India	INR	8.5% & 12%	Instalment	16 Quarterly	31.12.2013 to 30.09.2017	Before commercialisation of Technology-8.5% p.a After commercialisation of Technology-12% p.a
Unsecured						
Term loans from other parties:						
Council of Scientific and Industrial Research	INR	3%	Instalment	10 yearly instalments	01.10.2015 to 01.10.2024	

14. Other Financial Liabilities- at amortised cost

	31st March 2017	31st March 2016	1st April 2015
Non-Current			
Interest accrued and not due	**5,181,400**	8,246,962	12,386,015
	5,181,400	8,246,962	12,386,015
Current			
Current maturities of long-term debt	**80,018,000**	142,518,000	142,052,278
Interest accrued and not due	**5,174,881**	7,825,251	7,937,705
	85,192,881	150,343,251	149,989,983

15. Provisions

	31st March 2017	31st March 2016	1st April 2015
Non Current			
Provision for employee benefits			
– Compensated absence	**19,074,398**	19,225,638	14,156,306
– Gratuity Benefits	**6,448,487**	3,201,266	–
Other Provisions			
Warranty & Service Coupon	**6,198,503**	7,890,306	2,388,960
Provision for indirect tax disputes/ contingencies	**49,254,265**	48,768,640	47,732,636
	80,975,653	79,085,850	64,277,902

	31st March 2017	31st March 2016	1st April 2015
Current			
Provision for employee benefits			
– Compensated absence	**4,588,013**	4,252,205	3,825,657
– Gratuity Benefits	**7,000,000**	7,000,000	6,756,993
Other Provisions			
Warranty & Service Coupon	**10,319,881**	7,558,390	3,316,249
	21,907,894	18,810,595	13,898,899

Warranties

A provision is recognised for expected warranty claims on products sold during the last three years, based on past experience of the level of repairs and claims. 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 are based on current sales levels and current information available about claims based on the three-year warranty period for all products sold.

Details of movement in Other Provisions is as follows:

	Warranty & Service Coupon	**Indirect tax disputes/ contingencies**	**Total**
Balance at 1st April 2015	5,705,209	47,732,636	53,437,845
Additional provisions recognised	23,418,431	1,036,004	24,454,435
Amounts used during the period	(12,509,877)	–	(12,509,877)
Unwinding of discount and effect of changes in the discount rate	(1,165,068)	–	(1,165,068)
Balance at 31st March 2016	**15,448,695**	**48,768,640**	**64,217,335**
Additional provisions recognised	15,296,525	485,625	15,782,150
Amounts used during the period	(13,335,092)	–	(13,335,092)
Unwinding of discount and effect of changes in the discount rate	(891,744)	–	(891,744)
Balance at 31st March 2017	**16,518,384**	**49,254,265**	**65,772,649**

16. Other Liabilities

	31st March 2017	31st March 2016	1st April 2015
Non-Current			
a. Deferred government grant*	**3,955,135**	5,650,090	–
b. Deferred revenue	**22,361,111**	38,333,000	57,500,000
	26,316,246	43,983,090	57,500,000
Current			
a. Advances received from customers	**10,185,933**	11,808,285	26,137,208
b. Deferred government grant*	**1,306,117**	892,373	–
c. Deferred revenue	**24,375,023**	79,865,955	88,701,862
d. Statutory dues (other than income taxes)	**14,999,024**	11,040,846	16,835,125
	50,866,097	103,607,459	131,674,195

*The Company has received a non-recurring grant-in-aid of Rs. 6,874,300 in previous year for a pilot project to install DC-FC infrastructure. Amount of grant recognised as income for the year is Rs. 1,281,211(31st March 2016 - Rs. 331,837).

17. Current Borrowings

	31st March 2017	31st March 2016	1st April 2015
Unsecured Borrowings			
Loans repayable on demand			
From Banks	–	–	730,000,000
	–	–	730,000,000

18. Trade Payables

	31st March 2017	31st March 2016	1st April 2015
Trade payable - Micro and small enterprises	**24,673,509**	1,919,889	4,492,133
Trade payable - Other than micro and small enterprises	**604,262,817**	376,464,282	307,004,289
	628,936,326	378,384,171	311,496,422

Trade payables are non-interest bearing and are normally settled on 60-day terms.

19. Revenue from Operations

	31st March 2017	31st March 2016
Sale of products (including excise duty)		
Revenue from sale of products	**925,369,197**	597,350,838
	925,369,197	597,350,838
Sale/rendering of services		
Licencing & Development Fee	**193,753,746**	23,359,215
Income from leasing	**47,814,483**	29,476,526
After sales service	**4,031,273**	2,932,259
	245,599,502	55,768,000
Other operating income		
Scrap sale	**1,925,531**	1,659,369
	1,925,531	1,659,369
	1,172,894,230	654,778,207

Sale of products includes excise duty collected from customers of Rs. 68,351,799 (31st March 2016 Rs. 50,607,570.)

Sale of products net of excise duty is Rs. 857,017,398 (31st March 2017: Rs. 546,743,268)

The following customers had the transactions for more than 10% of the revenue during the year:

		31st March 2017	31st March 2016
Name of the Customer	**Geographical Segment**	**Amount**	Amount
Sireesh Auto Pvt Ltd	India	**119,882,516**	91,417,501
Koncept Automobiles Pvt. Ltd.	India	**124,752,458**	61,134,114

20. Other Income

	31st March 2017	31st March 2016
Other non-operating income		
Interest Income on		
– Bank deposits	**3,421,858**	6,300,474
– Interest on Income tax refunds	**9,146,574**	–
– Others	**421,003**	84,387
Net Gain on sale of investments	**2,913,509**	5,533,450
Net foreign exchange gain	**1,851,087**	5,207,198
Government grant	**1,281,211**	331,837
Provisions no longer required written back	**2,134,275**	4,969,571
Miscellaneous income	**1,625,735**	451,367
	22,795,252	22,878,284

21. Cost of raw material and components consumed

	31st March 2017	31st March 2016
Inventories at the beginning of the year	**257,941,236**	180,427,927
Add: Purchases	**1,040,770,426**	610,735,604
	1,298,711,662	791,163,531
Less: Issued for product development	**22,307,244**	18,733,060
Less: Inventories at the end of the year	**362,122,288**	257,941,236
Cost of materials consumed	**914,282,130**	514,489,235

22. Decrease/(increase) in inventory

	31st March 2017	31st March 2016
Inventories at the end of the year:		
Finished goods	**28,348,338**	14,957,332
	28,348,338	14,957,332
Inventories at the beginning of the year:		
Finished goods	**14,957,332**	24,437,318
	14,957,332	24,437,318
(Increase)/decrease	**(13,391,006)**	9,479,986

23. Employee benefits expense

	31st March 2017	31st March 2016
Salaries and wages, including bonus	**382,579,108**	255,589,582
Contribution to provident and other funds	**33,679,400**	26,110,287
Employee stock option scheme	**–**	943,454
Staff welfare expenses	**26,066,808**	19,119,855
	442,325,316	301,763,178

24. Finance Cost

	31st March 2017	31st March 2016
Interest expense	**15,999,224**	43,670,495
Unwinding of discount	**163,367**	–
Interest on indirect tax disputes	**568,211**	1,341,983
Bank charges	**1,346,846**	1,358,647
	18,077,648	46,371,125

25. Other Expenses

	31st March 2017	31st March 2016
Power & Fuel	**8,541,117**	8,092,943
Rent including lease rentals	**18,908,328**	14,053,703
Rates and taxes	**6,606,773**	11,198,766
Insurance	**5,438,842**	3,723,820
Repairs and maintenance		
– Buildings	**1,540,211**	6,662,494
– Machinery	**9,360,965**	5,329,639
– Others	**15,582,905**	8,943,145
Advertisement	**156,260,130**	105,588,737
Freight outward	**10,416,142**	8,111,775
Sales promotion expenses	**39,110,607**	29,085,952
Travelling and Conveyance Expenses	**41,594,965**	34,924,570
Provision for doubtful trade and other receivables/loans	**1,738,569**	6,499,828
Auditors remuneration and out-of-pocket expenses		
As Auditors	**1,250,000**	1,250,000
For Other services	**900,000**	850,000
For reimbursement of expenses	**74,109**	136,300
Legal and other professional costs	**44,518,680**	50,374,910
Communication costs	**4,618,787**	2,685,804
Sub-contracting expenses	**33,649,133**	20,647,524
Security charges	**8,561,526**	4,866,176
Recruitment expenses	**7,172,135**	3,836,958
Excise duty on finished goods inventory	**64,089**	261,419
Research and Development	**34,528,258**	6,235,795
Intangibles under development written off	**–**	32,222,908
Provision for warranties & service coupon (net of reversals)	**15,296,525**	23,418,431
Loss on assets sold/discarded (net)	**3,776,172**	529,473
Other general expenses	**19,795,812**	14,010,770
	489,304,780	403,541,840

26. 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 assets or liabilities affected in future periods. In management's view, the below mentioned judgments/estimates/assumption will have significant effect on the amounts recognised in the financial statements

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Operating lease commitments- Company as lessor

The Company has entered into agreements with customers for leasing of batteries. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the batteries and the fair value of the asset, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Taxes

Deferred tax assets are recognised for 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 the level of future taxable profits together with future tax planning strategies.

In view of the continuous business losses incurred, the Company has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

Defined benefit plans- gratuity

The cost of the defined benefit gratuity plan and the present value of the gratuity 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 and mortality rates. 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 end of each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

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.

Going Concern

The Company has been incurring losses and has accumulated losses of Rs. 5,583.8 million as at 31st March 2017. However, owing to the continued support from the holding Company and based on future business plans, the Company is confident of funding its operating and capital expenditure and continue business operations in the foreseeable future. Hence, these financial statements have been prepared on a going concern basis.

27. 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 including share application, securities premium and profit and loss account 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 is not subject to externally enforced capital regulation. The Company's capital requirements are substantially met through the issue of equity to the holding company.

There is no change in the overall capital risk management strategy of the Company compared to last year.

Categories of financial assets and financial liabilities

As at 31st March 2017

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Other deposits	20,631,634	–	–	20,631,634
Current Assets				
Investments	–	49,504,895	–	49,504,895
Trade Receivables	356,838,506	–	–	356,838,506
Cash and Cash Equivalents	62,303,522	–	–	62,303,522
Other Financial Assets	7,534	–	–	7,534
Non-current Liabilities				
Borrowings	122,626,000	–	–	122,626,000
Other Financial Liabilities	5,181,400	–	–	5,181,400
Current Liabilities				
Borrowings	–	–	–	–
Trade Payables	628,936,326	–	–	628,936,326
Other Financial Liabilities	85,192,881			85,192,881

As at 31st March 2016

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Other deposits	2,666,591	–	–	2,666,591
Current Assets				
Investments	–	87,045,662	–	87,045,662
Trade Receivables	56,448,302	–	–	56,448,302
Cash and Cash Equivalents	127,192,358	–	–	127,192,358
Other Financial Assets	22,329	–	–	22,329
Non-current Liabilities				
Borrowings	202,644,000	–	–	202,644,000
Other Financial Liabilities	8,246,962	–	–	8,246,962
Current Liabilities				
Borrowings	–	–	–	–
Trade Payables	378,384,171	–	–	378,384,171
Other Financial Liabilities	150,343,251	–	–	150,343,251

As at 1st April 2015

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Other deposits	1,026,156	–	–	1,026,156
Current Assets				
Investments	–	34,175,142	–	34,175,142
Trade Receivables	36,627,280	–	–	36,627,280
Cash and Cash Equivalents	56,530,700	–	–	56,530,700
Other Financial Assets	250,004	–	–	250,004
Non-current Liabilities				
Borrowings	340,970,502	–	–	340,970,502
Other Financial Liabilities	12,386,015	–	–	12,386,015
Current Liabilities				–
Borrowings	730,000,000	–	–	730,000,000
Trade Payables	311,496,422	–	–	311,496,422
Other Financial Liabilities	149,989,983	–	–	149,989,983

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 maximum exposure to the credit risk at the reporting date is primarily from trade receivables which are unsecured. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. 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.

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. However, as of now the Company has not entered into any forward contract or hedging.

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 does not have exposure to long-term debt obligations with floating interest rates and hence does not foresee any significant risk arising from interest rate fluctuation.

Currency Risk

The Company undertakes transactions denominated in foreign currencies, consequently has exposures to exchange rate fluctuations. The 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 monitors the currency rate fluctuation regularly. The impact of currency fluctuation in the normal course will not have any significant impact on carrying value of financial assets and liabilities.

Liquidity Risk

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 continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

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.

Non-derivative financial liabilities

31st March 2017	Less than 3 month	3 to 12 months	1 to 5 years	> 5 years	Total
Borrowing	–	–	70,072,000	52,554,000	122,626,000
Trade Payables	567,117,451	61,818,875	–	–	628,936,326
Other Financial Liabilities	31,565,993	53,626,888	5,181,400	–	90,374,281
Total	**598,683,444**	**115,445,763**	**75,253,400**	**52,554,000**	**841,936,607**

31st March 2016	Less than 3 month	3 to 12 months	1 to 5 years	> 5 years	Total
Borrowing	–	–	132,572,000	70,072,000	202,644,000
Trade Payables	320,823,197	57,560,974	–	–	378,384,171
Other Financial Liabilities	32,201,471	118,141,780	8,246,962	–	158,590,213
Total	**353,024,668**	**175,702,754**	**140,818,962**	**70,072,000**	**739,618,384**

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
Trade Receivables	USD	12,874	12,874	12,874
	EUR	760	1,010	830
	GBP	415,982	72,120	124,525
Trade Payables	USD	(1,424,193)	(444,343)	(324,248)
	EUR	(2,962)	(671)	(7,457)
	GBP	(7)	(14,281)	–
	CAD	(200)	–	–
Advance to Suppliers	USD	23,049	652,265	440,540
	EUR	7,038	11,560	142,969
	GBP	–	231	2,983
Advance from customers	USD	–	–	(76)
	EUR	(104)	(597)	(2,579)
	GBP	–	–	–

28. 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							
Mutual fund investments	49,504,895	87,045,662	34,175,142	Level 1	Value published by the respective Asset Management Company.	NA, since Level 1 hierarchy	NA, since Level 1 hierarchy
Total financial assets	**49,504,895**	**87,045,662**	**34,175,142**				

The management has assessed that 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.

29. Leases

	31st March 2017	31st March 2016	1st April 2015
Details of leasing arrangements			
As Lessor			
Operating Lease			
The Company has leased out power pack batteries on operating lease for a period of 5 years and such assets are to be returned to the Company at the end of lease term.			
Future minimum lease payments			
Within one year	**49,781,396**	41,141,892	14,148,012
After one year but not more than five years	**87,415,468**	111,487,398	50,375,731
More than five years	–	–	–
	137,196,864	152,629,290	64,523,743
As Lessee			
Operating Lease			
The Company has taken office and other facilities under cancellable and non-cancellable operating leases with lock in periods, which are renewable on a periodic basis and are cancellable, at the option of both the lessee and the lessor. The future rental commitments for non-cancellable period (including notice period) are as follows:			
Non-Cancellable minimum lease commitments			
Within one year	**21,014,565**	7,329,499	14,395,798
After one year but not more than five years	**35,024,275**	–	–
More than five years	–	–	–
	56,038,840	7,329,499	14,395,798
Expenses recognised in the Statement of Profit and Loss			
Minimum Lease Payments	**18,908,328**	14,053,703	14,677,765

30. Employee benefits

(a) Defined Contribution Plan

The Company's contribution to Provident Fund aggregating to Rs. 20,205,141 (31st March 2016: Rs. 19,227,103) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

(b) Defined Benefit Plans:

Gratuity

The Company operates one defined benefit plan, viz., gratuity, for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets gratuity on departure at 15 days of last drawn salary for each completed year of service. The scheme is funded with an insurance Company in the form of qualifying insurance policy.

Through the defined benefit plan the Company is exposed to the following risks.

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.

The Company has chosen a suitable plan with Insurance, which augurs well with the Company's long term strategy to manage the plan 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.

Life expectancy

Increase in life expectancy will result in an increase in the plan's liabilities, as the inflationary increases result in higher sensitivity to changes in life expectancy.

	Actuarial Assumptions		
	31st March 2017	31st March 2016	1st April 2015
Discount rate(s)	6.88%	7.33%	7.85%
Expected rate(s) of salary increase	10.00%	10.00%	10.00%
Average Longevity	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

Defined benefit plans – as per actuarial valuation

	Funded Plan	
	31st March 2017	31st March 2016
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:		
Service Cost		
Current Service Cost	**8,176,378**	6,784,925
Net interest expense	**2,575,821**	1,947,547
Expected return on assets	**(1,986,288)**	(1,849,288)

	Funded Plan	
	31st March 2017	31st March 2016
Components of defined benefit costs recognised in profit or loss	**8,765,911**	6,883,184
Remeasurement on the net defined benefit liability		
Actuarial gains and loss arising form changes in financial assumptions	**(1,202,617)**	3,075,952
Components of defined benefit costs recognised in other comprehensive income	**(1,202,617)**	3,075,952
	7,563,294	9,959,136

I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March 2017

	31st March 2017	31st March 2016
1. Present value of defined benefit obligation	**(46,948,850)**	(36,592,252)
2. Fair value of plan assets	**33,500,363**	26,390,986
3. Surplus/(Deficit)	**(13,448,487)**	(10,201,266)
4. Current portion of the above	**7,000,000**	7,000,000
5. Non current portion of the above	**6,448,487**	3,201,266

II. Change in the obligation during the year ended 31st March 2017

	31st March 2017	31st March 2016
1. Present value of defined benefit obligation at the beginning of the year	**36,592,252**	28,113,261
2. Expenses Recognised in Profit and Loss Account		
– Current Service Cost	**8,176,378**	6,784,925
– Interest Expense (Income)	**2,575,821**	1,947,547
3. Recognised in Other Comprehensive Income	–	–
Remeasurement loss/(gains)		
– Actuarial loss/(gains)	**2,507,280**	2,761,382
4. Benefit payments	**(2,902,881)**	(3,014,863)
Present value of defined benefit obligation at the end of the year	**46,948,850**	36,592,252

III. Change in fair value of assets during the year ended 31st March 2017

	31st March 2017	31st March 2016
1. Fair value of plan assets at the beginning of the year	**26,390,986**	21,356,268
2. Expenses Recognised in Profit and Loss Account		
– Expected return on plan assets	**1,986,288**	1,849,288
3. Recognised in Other Comprehensive Income		
Remeasurement gains/(losses)		
– Actual Return on plan assets in excess of the expected return	**3,709,897**	(314,570)
4. Contributions by employer (including benefit payments recoverable)	**4,316,073**	6,514,863
5. Benefit payments	**(2,902,881)**	(3,014,863)
Fair value of plan assets at the end of the year	**33,500,363**	26,390,986

IV. The Major categories of plan assets

– Investment with Insurer	**100%**	100%

The Company's policy is driven by considerations of maximizing returns. The asset allocation for plan assets is determined by the insurance Company based on investment criteria prescribed by the local regulators. 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.

V. The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

			Impact on defined benefit obligation	
Principal assumption	**Year**	**Changes in assumption**	**Increase in assumption**	**Decrease in assumption**
Discount rate	**2017**	**1.00%**	**43,493,356**	**50,698,687**
	2016	1.00%	33,821,580	39,630,549
Salary growth rate	**2017**	**1.00%**	**49,430,620**	**44,352,714**
	2016	1.00%	38,756,600	34,393,171

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 has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The method and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

VI. Maturity profile of defined benefit obligation:

	31st March 2017	31st March 2016	1st April 2015
Within 1 year	**4,352,633**	3,403,113	2,950,892
1 - 2 year	**4,325,431**	3,198,767	2,162,273
2 - 3 year	**3,492,138**	2,748,984	1,927,039
3 - 4 year	**3,296,296**	2,472,188	1,717,090
4 - 5 year	**3,245,499**	2,295,245	1,530,997
5 - 10 years	**11,828,185**	9,193,196	6,127,544
Above 10 years	**16,408,668**	13,280,759	11,697,426
	46,948,850	36,592,252	28,113,261

VII. Experience Adjustments:

	31st March 2017	31st March 2016	1st April 2015
		Gratuity	
1. Defined Benefit Obligation	**46,948,850**	36,592,252	28,113,261
2. Fair value of plan assets	**33,500,363**	26,390,986	21,356,268
3. Surplus/(Deficit)	**(13,448,487)**	(10,201,266)	(6,756,993)
4. Experience adjustment on plan liabilities [(Gain)/Loss]	**2,507,280**	2,761,382	2,212,196
5. Experience adjustment on plan assets [Gain/(Loss)]	**(3,709,897)**	314,570	(1,231,916)

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 Company expect to contribute Rs. 7,242,469 to gratuity fund in next year.

31. Earnings per Share

	31st March 2017	31st March 2016
	Per Share	Per Share
Basic Earnings per share		
From continuing operations	**(6.53)**	(9.78)
From discontinuing operations	–	–
Total basic earnings per share	**(6.53)**	(9.78)

	31st March 2017 Per Share	31st March 2016 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:		
Profit/(loss) for the year attributable to owners of the Company	**(1,131,847,036)**	(910,505,320)
Less: Preference dividend and tax thereon	–	–
Profit/(loss) for the year used in the calculation of basic earnings per share	**(1,131,847,036)**	(910,505,320)
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	**(1,131,847,036)**	(910,505,320)
Weighted average number of equity shares	**173,289,541**	93,108,171
Earnings per share from continuing operations - Basic	**(6.53)**	(9.78)

32. Employee stock option plans

	31st March 2017	31st March 2016
Expense arising from equity-settled share-based payment transactions	–	943,454
Expense arising from cash-settled share-based payment transactions	–	–
Total expense arising from share-based payment transactions	–	943,454

The details of the plans and options are given below :

Particulars	**Reva ESOP 2008**	**Reva ESOP 2008 – II**	**Reva ESOS 2012**	**Reva ESOS 2013**	**Reva ESOS 2014**
Date of scheme	Jun–08	Sep–08	Sep–13	Sep–13	Oct–14
Number of options allocated for grant	750,000	250,000	66,680	126,286	376,519
Number of options granted	6,900	233,437	66,680	126,286	376,519
Method of settlement (Cash/Equity)	Equity	Equity	Equity	Equity	Equity
Vesting period	4 years	3 years 6 months	1 to 7 years	1 to 7 years	1 year
Exercise period	4 years	4 years	3 years 6 months	1 to 7 years	1 to 7 years
Expected life	4 years	4 years	3 years 6 months	1 to 7 years	1 to 7 years
Exercise price	145	145	145	10	149

All the outstanding options were forfeited/cancelled by the Company during the year and there are no options outstanding as at 31st March 2017. The details of activity in the plans for the previous year 2016 is summarized below.

					31st March 2016
	Reva ESOP 2008	**Reva ESOP 2008 – II**	**Reva ESOP 2012**	**Reva ESOP 2013**	**Reva ESOP 2014**
Outstanding at the beginning of the year	6,900	233,437	66,680	126,286	376,519
Granted during the year	–	–	–	–	–
Exercised during the year	–	–	66,680	–	–
Forfeited during the year	–	–	–	–	–
Outstanding at the end of the year	**6,900**	**233,437**	**–**	**126,286**	**376,519**
Exercisable at the end of the year	6,900	233,437	–	126,286	376,519
Weighted average of remaining contractual life (in years)	–	–	–	5.00	4.02

33. Segment information

The Company currently operates in a single reportable segment i.e. battery operated electric cars and development of technology thereof. Hence there are no additional disclosures are required. The operations of the Company comprise export sales to Europe and other foreign countries. Details of revenue and non current assets in those geographical locations are as below:

Revenue from external customers

	31st March 2017	31st March 2016
India	**1,058,231,500**	580,105,347
Outside India	**114,662,730**	74,672,860
Total revenue per statement of profit or loss	**1,172,894,230**	654,778,207

Non-current operating assets:

	31st March 2017	31st March 2016	1st April 2015
India	**2,027,836,412**	1,905,534,222	1,698,417,050
Outside India	–	–	–
	2,027,836,412	1,905,534,222	1,698,417,050

34. Contingent liabilities and commitments

Contingent liabilities *

	31st March 2017	31st March 2016	1st April 2015
(a) Claims against the Company not acknowledged as debt	**537,372**	537,372	6,003,190

	31st March 2017	31st March 2016	1st April 2015
(b) Central Excise/Service tax matters under dispute	**68,517,539**	54,379,094	42,524,949
(c) Duty on pending export obligation	**5,524,433**	5,524,433	–
(d) Disputed Income Tax demand	**110,000,000**	–	–

d) One of the overseas dealers had claimed damages/ compensation for termination of dealership without adequate notice by the Company. Pending settlement of the claim through legal process/negotiations, based on consultation with the legal advisors, the Company had provided for Rs 18.5 million towards such claims under litigation.

* The Company is contesting the demands and the management believes that its position will likely be upheld in the various appellate authorities/courts and the ultimate outcome will not have a material adverse effect on the Company's financial position and results of operations.

Commitments

	31st March 2017	31st March 2016	1st April 2015
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	**134,846,172**	116,724,038	98,486,489
b) Commitment relating to leases (refer note 29)	**56,038,840**	7,329,499	14,395,798

35. Current Tax and Deferred Tax

The Company has no taxable income for the financial year ended March 2017 and accordingly, no current tax expense has been recorded.

The Company has significant carry forward unused tax losses. Since it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised, no deferred tax asset has been recognised in the financials for the unused carry forward tax losses and the taxable losses for the year.

36. Related party disclosures

Names of related parties and related party relationship

Related parties where control exists	**Ultimate holding Company**	**Mahindra & Mahindra Limited**
Related parties where control exists	Holding Company	Mahindra Vehicles Manufacturers Limited (from December 30, 2015) Mahindra & Mahindra Limited (till December 29, 2015)
Related parties with whom transactions have taken place during the year	Fellow subsidiaries	Mahindra Vehicles Manufacturers Limited USA Mahindra Integrated Business Solutions Private Limited (erstwhile Mahindra BPO Services Private Limited) NBS International Limited Lords Freight India Pvt Ltd Mahindra International UK Bristlecone India Limited Mahindra Two Wheelers Limited Mahindra Racing UK Ltd
	Associate companies of the ultimate holding Company	Tech Mahindra Limited Mahindra CIE Automotive Limited Mahindra Logistics Limited
	Key management personnel	Mr. Chetan Maini (CEO till April 30, 2015) Mr. Sandeep K Maini (Director upto November 16, 2016) Mr. Gautam Maini (Director till January 11, 2016) Mr. Arvind Mathew (CEO till November 30, 2016) Mr.Mahesh babu(CEO from December 01, 2016) Mr. Ajay Patel (CFO) Mr. Narayana Swamy (Manager)
	Relatives of key management personnel*	Mrs. Reva Maini Mr. Sudarshan.K. Maini
	Enterprises owned or significantly influenced by key management personnel or their relatives*	Bangalore Transport Finance Corporation Maini Sadan Maini Materials Movement Private Limited Maini Precision Products Private Limited Maini Plastics and Composites Private Limited Maini Industries

* Related parties upto November 16, 2016.

36. Related Party Transactions (contd..)

Transactions for the year	Year	Mahindra & Mahindra Ltd	Mahindra Vehicle Manufacturers Ltd	Mahindra Racing UK LTD	NBS International	Mahindra Automobile Distributor Pvt Ltd	Mahindra International UK	Maini Plastics & Composites Pvt Ltd	Maini Materials Movement Pvt Ltd.	Maini Precision Products Pvt Ltd.	Maini Sadan	KMP	Mahindra CIE Automotive Limited	Tech Mahindra Limited	Others	Total
Sale of goods and services	3/31/2017	50,103,700	25,591,323		4,825,046	2,708,521	60,874,175	3,781,839	–	4,175,771				42,787		**152,103,163**
	3/31/2016	7,026,661	–	–	1,029,962	–	40,082,373	898,286	115,482	8,827,364			–	731,129	–	**58,711,257**
Development Fee	3/31/2017	193,753,746														**193,753,746**
	3/31/2016	23,359,215		–					–							**23,359,215**
Purchase of goods and services	3/31/2017	35,114,507	50,846					23,840,550	28,308,366	14,257,800			10,027,773	374,000	12,179,178	**124,153,020**
	3/31/2016	33,025,292	–	–		–		26,439,220	22,282,874	21,014,519			2,529,371	44,944	16,329,897	**121,666,117**
Purchase of fixed assets	3/31/2017	–								18,500			26,085,000		2,000,873	**28,104,373**
	3/31/2016	922,248		–				–	–	–					–	**922,248**
Rent paid	3/31/2017	1,191,924							9,857,756	169,080						**11,218,760**
	3/31/2016	1,191,924							14,262,786	204,541	1,268,112					**16,927,363**
Reimbursement of expenses by Company	3/31/2017	18,346,259	5,944,619	166,590	122,152		4,352,166			862,283					2,465,000	**32,259,069**
	3/31/2016	14,910,815	–	75,705	627,937		1,375,767		–	899,192	517,528				767,151	**19,174,095**
Crosscharge of expenses to others	3/31/2017	1,038,543					225,997								678,000	**1,942,540**
	3/31/2016	87,240		–								273,620		47,760		**408,620**
Allotment of equity shares (including premium)	3/31/2017		1,494,999,972									–			202,430,576	**1,697,430,548**
	3/31/2016	2,089,999,915										–			–	**2,089,999,915**
Assets Sold	3/31/2017	509,872														**509,872**
	3/31/2016	–	–									225,001				**225,001**
Reimbursement of ESOP Cost*	3/31/2017	–														**–**
	3/31/2016	84,334														**84,334**
ESOP Exercised	3/31/2017											–				**–**
	3/31/2016											666,800				**666,800**
Remuneration to key management personnel																
Arvind Mathew	3/31/2017											8,550,704				**8,550,704**
	3/31/2016											11,757,218				**11,757,218**
Narayan Swamy	3/31/2017											2,070,467				**2,070,467**
	3/31/2016											1,742,608				**1,742,608**
Chetan Maini	3/31/2017											–				**–**
	3/31/2016											1,368,511				**1,368,511**
Balance as at year end																
Deferred Revenue	3/31/2017	46,736,283														**46,736,283**
	3/31/2016	118,198,955														**118,198,955**
	4/1/2015	146,201,863														**146,201,863**
Share application money pending for Allotment	3/31/2017		199,999,987													**199,999,987**
	3/31/2016		229,999,993													**229,999,993**
	4/1/2015		–													**–**
Amount receivables	3/31/2017	54,544,183	120,633	–	1,845,556	21,400	33,163,792									**89,695,564**
	3/31/2016	3,783,995	–	–	168,488	–	5,438,462	602,355		4,810,973		–	17,306,000		–	**32,110,273**
	4/1/2015	1,875,398	–	11,409,008	–		–	–					9,176,000			**22,460,406**
Amount payable	3/31/2017	24,386,465	50,846										2,809,865	314,196.10	5,740,390	**33,301,762**
	3/31/2016	36,223,587	50,846	–	–	–	–	3,999,341	6,677,089	6,915,894	–		1,605,391		2,371,989	**57,844,137**
	4/1/2015	39,853,408	–		304,037			6,373,190	8,061,567	2,014,153			731,542	2,818,157	2,677,731	**62,833,785**

Note:

*Represents cost reimbursed by the Company towards ESOP granted by the ultimate holding Company to certain employees of the Company.

The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

The remuneration to KMP includes short-term employee benefit of Rs. 10,106,362 and other long-term benefits of Rs. 514,809.

Key managerial service cost charged on the Company by Mahindra & Mahindra Ltd of Rs. 8,078,604 (2016 - Rs. 3,025,493) (excluding Tax).

37. First-time adoption of Ind-AS

These financial statements, for the year ended 31st March 2017, are the first the Company has prepared in accordance with Ind AS.

The Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31st March 2017, together with the comparative period data as at and for the year ended 31st 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 1st April 2015, the Company's date of transition to Ind AS.

Derecognition 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 1st April 2015 (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 AS, 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.

Reconciliation of equity as at 1st April 2015 (date of transition to Ind AS)

	Previous GAAP	Ind AS Adjustments	Ind AS
ASSETS			
Non-current assets			
Property, Plant and Equipment	663,287,757	–	663,287,757
Capital Work-in-Progress	22,256,534	–	22,256,534
Other Intangible Assets	415,776,301	–	415,776,301
Intangible Assets Under Development	426,958,403	–	426,958,403
Financial Assets			
Other deposits	1,026,156	–	1,026,156
Other Non-current Assets	169,111,899	–	169,111,899
	1,698,417,050	**–**	**1,698,417,050**
Current assets			
Inventories	204,865,245	–	204,865,245
Financial Assets			
Investments	33,339,228	835,914	34,175,142
Trade Receivables	36,627,280	–	36,627,280
Cash and Cash Equivalents	56,530,700	–	56,530,700
Interest accrued on deposits	250,004	–	250,004
Other Current Assets	125,148,929	–	125,148,929
	456,761,386	**835,914**	**457,597,300**
TOTAL ASSETS	**2,155,178,436**	**835,914**	**2,156,014,350**
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	356,870,690	–	356,870,690
Other Equity			
Securities Premium Reserve	3,524,256,073	–	3,524,256,073
ESOP Outstanding	5,655,183	(3,381,327)	2,273,856
Retained Earnings	(3,544,643,028)	5,062,841	(3,539,580,187)
	342,138,918	**1,681,514**	**343,820,432**
Non-current liabilities			
Financial Liabilities			
Borrowings	340,970,502	–	340,970,502
Other Financial Liabilities	12,386,015	–	12,386,015
Provisions	64,953,221	(675,319)	64,277,902
Other Non-current Liabilities	57,500,000	–	57,500,000
	475,809,738	**(675,319)**	**475,134,419**
Current liabilities			
Financial Liabilities			
Borrowings	730,000,000	–	730,000,000
Trade Payables	311,496,422	–	311,496,422
Other Financial Liabilities	149,989,983	–	149,989,983
Provisions	14,038,351	(139,452)	13,898,899
Other Current Liabilities	131,705,023	(30,828)	131,674,195
	1,337,229,779	**(170,281)**	**1,337,059,499**
TOTAL LIABILITIES	**2,155,178,436**	**835,914**	**2,156,014,350**

Reconciliation of equity as at 31st March 2016

	Previous GAAP	Ind AS Adjustments	Ind AS
ASSETS			
Non-current assets			
Property, Plant and Equipment	764,647,733	–	764,647,733
Capital Work-in-Progress	56,949,071	–	56,949,071
Other Intangible Assets	650,822,975	–	650,822,975
Intangible Assets Under Development	223,407,613	–	223,407,613
Financial Assets			
Other deposits	2,666,591	–	2,666,591
Other Non-current Assets	207,040,239	–	207,040,239
	1,905,534,222	**–**	**1,905,534,222**
Current assets			
Inventories	272,898,568	–	272,898,568
Financial Assets			
Investments	86,900,000	145,662	87,045,662
Trade Receivables	56,448,302	–	56,448,302
Cash and Cash Equivalents	127,192,358	–	127,192,358
Other Financial Assets	22,329	–	22,329
Other Current Assets	285,722,592	–	285,722,592
	829,184,149	**145,662**	**829,329,811**
TOTAL ASSETS	**2,734,718,371**	**145,662**	**2,734,864,033**
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	1,385,527,880	–	1,385,527,880
Other Equity			–
Share Application Money Pending Allotment	229,999,993	–	229,999,993
Securities Premium Reserve	4,592,176,531	(4,784,290)	4,587,392,241

	Previous GAAP	Ind AS Adjustments	Ind AS
Retained Earnings	(4,460,102,077)	6,940,618	(4,453,161,459)
	1,747,602,327	**2,156,328**	**1,749,758,655**
Non-current liabilities			
Financial Liabilities			
Borrowings	202,644,000	–	202,644,000
Other Financial Liabilities	8,246,962	–	8,246,962
Provisions	80,285,180	(1,199,330)	79,085,850
Other Non-current Liabilities	44,133,377	(150,287)	43,983,090
	335,309,519	**(1,349,617)**	**333,959,902**
Current liabilities			
Financial Liabilities			
Trade Payables	378,384,171	–	378,384,171
Other Financial Liabilities	150,343,251	–	150,343,251
Provisions	19,349,303	(538,708)	18,810,595
Other Current Liabilities	103,729,801	(122,341)	103,607,459
	651,806,526	**(661,049)**	**651,145,476**
	2,734,718,371	**145,662**	**2,734,864,033**

Reconciliation of profit or loss for the year ended 31st March 2016

	Previous GAAP	Ind AS Adjustments	Ind AS
Continuing Operations			
Revenue from operations	604,170,637	50,607,570	654,778,207
Other Income	23,568,537	(690,252)	22,878,285
Total Revenue	**627,739,174**	**49,917,318**	**677,656,491**
Expenses			
Cost of raw material and components consumed	514,489,235	–	514,489,235
Changes in stock of finished goods, work-in-progress and stock-in-trade	9,479,986	–	9,479,986
Excise duty on sale of goods	–	50,607,570	50,607,570
Employee benefit expense	306,242,093	(4,478,915)	301,763,178
Depreciation and amortisation expense	261,908,877	–	261,908,877
Finance costs	46,371,125	(1,165,067)	45,206,057
Other expenses	404,706,907	–	404,706,907
Total Expenses	**1,543,198,223**	**44,963,587**	**1,588,161,810**
Profit/(loss) before exceptional items and tax from continuing operations	**(915,459,049)**	**4,953,730**	**(910,505,319)**
Other comprehensive income			
Actuarial Gain /(Loss)	–	(3,075,952)	(3,075,952)
Total comprehensive income for the period	**(915,459,049)**	**1,877,778**	**(913,581,271)**

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

FVTPL Current Investment

Under Previous GAAP, the Company accounted for current investments in unquoted mutual funds as investment measured at cost less provision for other than temporary diminution in the value of investments. Ind AS requires FVTPL investments to be measured at fair value. Accordingly the Company has designated such investments as FVTPL investments.

Other payables

Warranty and Service coupon liability has been discounted and adjustment made through statement of profit and loss.

Defined benefit liabilities

Both under Previous GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Previous GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, re-measurements [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. Thus the employee benefit cost is reduced by Rs. 3,075,952 on re-measurement of gains/ losses and the same has been recognized in the OCI.

Share-based payments

Under Previous GAAP, the Company recognised only the intrinsic value for the long-term incentive plan as an expense. Ind AS requires the fair value of the share options to be determined using an appropriate pricing model recognised over the vesting period. Based on measurement using Black Scholes method the Company has recognised a reduction of expense of Rs. 1,402,963 in profit or loss for the year ended 31st March 2016.

Provisions

Under Previous GAAP, the Company has accounted for provisions, including long-term provision, at the undiscounted amount. In contrast, Ind AS 37 requires that where the effect of time value of money is material, the amount of provision should be the present value of the expenditures expected to be required to settle the obligation. The discount rate should not reflect risks for which future cash flow estimates have been adjusted. Ind AS 37 also provides that where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. Discounting of provision led to a decrease in provision on the date of transition by Rs. 845,599 and the same has been adjusted against retained earnings.

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The management has chosen not to fair value the loan received at concessional rate from the government institution before date of transition, as allowed under Ind AS 101.

38. Standards issued but not yet effective:

The standards issued, but not yet effective up to the date of issuance of the financial statement is disclosed below. The Company intends to adopt such standard when it becomes effective.

Amendments to Ind AS 102 Classification and Measurement of Share-based Payment

The amendments are effective for annual reporting periods beginning on or after 1st April 2017. The management of the Company does not anticipate that the application of the amendments in the future will have a significant impact on the financial statements as the Company does not have any cash-settled share-based payment arrangements or any withholding tax arrangements with tax authorities in relation to share-based payments.

Amendments to Ind AS 7 Disclosure initiative

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments apply prospectively for annual periods beginning on or after 1st April 2017. The management of the Company does not anticipate that the application of these amendments will have a material impact on the financial statements.

39. Additional Information to the Financial Statements

Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

	31st March 2017	31st March 2016
(i) Principal amount remaining unpaid to MSME suppliers	**24,508,222**	1,792,483
(ii) Interest due on unpaid principal amount to MSME suppliers	**165,287**	127,406
(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)	**37,881**	11,492
(v) The amount of interest accrued and remaining unpaid	**127,406**	115,914
(vi) The amount of interest due and payable to be disallowed under Income Tax Act, 1961	**165,287**	127,406

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.

40. Specified Bank Notes held and transacted during the period 08/11/2016 to 30/12/2016 as provided in the Table below:

Particulars	**Specified Bank Notes**	**Other denomination notes**	**Total**
Closing cash in hand as on 08.11.2016	51,000	8,613	59,613
(+) Permitted receipts	–	191,338	191,338
(-) Permitted payments	–	(87,479)	(87,479)
(-) Amount deposited in bank	(51,000)	(76,000)	(127,000)
Closing cash in hand as on 30.12.2016	–	36,472	36,472

41. Previous years figures

Previous year's figures have been regrouped where necessary to conform to the current year's classification.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
Firm Registration Number: 101049W/E300004

per Navin Agrawal
Partner
Membership No.: 56102

Place: Mumbai
Date: 27th April, 2017

For and on behalf of the Board of Directors of

Mahindra Electric Mobility Limited

Dr. Pawan Kumar Goenka Chairman
V. S. Parthasarthy Director
Shweta Mayekar Company Secretary
Ajay Patel Chief Financial Officer
Mahesh Babu Chief Executive Officer

Place: Mumbai
Date: 27th April, 2017

DIRECTORS' REPORT

Your Directors present their Thirty-Eight Report, together with the Audited Financial Statement of your Company for the financial year ended on 31st March, 2017.

Financial Highlights and State of Company's Affairs

		(Rs. in Lakhs)
	For the year ended	
	31st March 2017	31st March 2016
Income	**7,538.95**	9,065.49
Profit/(Loss) before depreciation, interest, exceptional item and tax	**(350.77)**	407.43
Finance costs	**97.00**	175.36
Depreciation/Amortization	**73.37**	77.89
Profit/(Loss) for the year before exceptional/prior period item and taxation	**(521.14)**	154.17
Exceptional/prior period item - (income)/expense	**–**	–
Profit/(Loss) before taxation	**(521.14)**	154.17
Provision for taxation		
– Current tax	**–**	80.00
Profit/(Loss) after taxation	**(521.14)**	74.17
Other Comprehensive Income/(loss)	**(11.86)**	5.79
Balance of loss brought forward from earlier years	**2,494.14**	2,574.10
Balance of loss carried to Balance Sheet	**3,027.14**	2,494.14
Net Worth	**2,620.19**	(746.81)

The audited financial statements of your Company for the year ended 31st March, 2017 are prepared in accordance with the Accounting Standards ("IND AS") as notified under Section 133 of the Companies Act, 2013 being your Company's first IND AS financial Statements. The figures for the corresponding year ended on 31st March, 2016 have been restated under IND AS to make them comparable with the figures for the current year.

No material changes and commitments have occurred after the close of the year till the date of this Report which would affect the financial position of your Company.

OPERATIONS

Your Company sold 1,535 tractors as compared to 1831 tractors in the previous year, registering a de-growth of 16.16%. Out of total tractors sold, your Company exported 261 tractors to Nepal as compared to 143 tractors in the previous year, registering a growth of 82.52%.

The loss before depreciation, interest, exceptional/prior period item and tax for the year is Rs. 350.77 lakhs as against profit of Rs. 407.43 lakhs in the previous year. The loss after tax for the year stood at Rs. 521.14 lakhs as against profit of Rs. 74.17 lakhs of the previous year.

During the year, your Company achieved further improvement in the product quality, productivity, product awareness and implemented various low cost initiatives in the areas of operations.

Looking at the industry potential, your Company is working on aggressive growth plan by up grading existing models in terms of power and fuel efficiency and developing price competitive variants. With focused market approach, your Company is also in the process of further strengthening distribution network as well as enhancing retail finance support through financial institution tie ups.

DIVIDEND

In view of losses, Directors have not recommend any dividend for the year under review.

Further, the Directors decided not to transfer any amount to General Reserves.

SHARE CAPITAL

The Authorised Share Capital of your Company as on 31st March, 2017 stood at Rs. 60 crore divided into 5,50,00,000 Equity Shares of Rs. 10 each and 50,00,000 cumulative redeemable preference shares of Rs. 10 each.

During the year, 3,90,00,000 (Three Crore Ninety Lakhs) Equity shares of Rs. 10 each aggregating to Rs. 39,00,00,000 (Rupees Thirty Nine Crores Only) were issued and allotted to the existing shareholders of the Company in the ratio of their shareholding by way of Rights Issue.

As on 31st March, 2017 the paid up equity share capital of your Company stood at Rs. 54,30,19,790 divided into 5,43,01,979 equity shares of Rs. 10 each and the paid up preference share capital stood at Rs. 5,00,00,000 divided into 50,00,000 cumulative redeemable preference shares of Rs. 10 each.

BOARD OF DIRECTORS

Composition:

Presently the Board of your Company comprises of the following Directors:

Sr. No.	Name of Director and (DIN)	Designation	Executive/ Non-Executive Director	Independent/ Non-Independent Director
1.	Mr. K. Chandrasekar (01084215)	Director	Non-Executive Director	Non-Independent Director
2.	Mr. Nikhil Madgavkar (05163088)	Additional Director	Non-Executive Director	Non-Independent Director
3.	Mr. Harish Chavan (06890989)	Director	Non-Executive Director	Non-Independent Director
4.	Mr. Sanjay Prasad (05245631)	Additional Director	Non-Executive Director	Non-Independent Director
5.	Mr. C. J. Mecwan (03596652)	Director	Non-Executive Director	Non-Independent Director
6.	Mr. Chhabildas N Patel (01190815)	Director	Non-Executive Director	Independent Director
7.	Mr. S. Nagarajan (03060429)	Additional Director	Non-Executive Director	Independent Director
8.	Mr. Viren Popli (07811022)	Additional Director	Non-Executive Director	Non-Independent Director

Mr. Arunkumar Solanki, Director resigned from the Company with effect from 7th July, 2016.

Subsequently, pursuant to recommendation of the Nomination and Remuneration Committee (NRC), Mr. Sanjay Prasad, Principal Secretary, Department of Agriculture and Cooperation was appointed as an Additional Director of the Company with effect from 1st August, 2016.

Mr. Roopwant Singh resigned from the Company with effect from 5th August, 2016.

Mr. Ravindra Dhariwal, Independent Director resigned from the Company with effect from 21st October, 2016 and pursuant to recommendation of the NRC, Mr. S. Nagarajan was appointed as an Additional as well as Independent Director with effect from 4th November, 2016 for a period of five consecutive years and he would not be liable to retire by rotation. Mr. S. Nagarajan had given a declaration to the effect that he meets the criteria of independence as laid down under section 149 of the Companies Act, 2013.

The Company has also received a declaration from Mr. Chhabildas Patel to the effect that he meets the criteria of independence as laid down under section 149 of the Companies Act, 2013.

Mr. P.C. Vaidya, Director resigned from the Company with effect from 4th November, 2016.

Further pursuant to recommendation of the NRC, Mr. Nikhil Madgavkar and Mr. S.M. Khatana were appointed as Additional Directors of the Company with effect from 14th November 2016 and 13th December, 2016 respectively.

Mr. S. M. Khatana and Mr. Rajesh Jejurikar resigned from the Board with effect from 25th April, 2017 and 11th May, 2017 respectively.

Further pursuant to recommendation of the NRC, Mr. Viren Popli was appointed as Additional Director of the Company with effect from 11th May, 2017.

The Company has received a notice pursuant to Section 160 of the Companies Act, 2013, from a shareholder along with the necessary deposit, proposing the candidatures of Mr. Sanjay Prasad, Mr. S. Nagarajan, Mr. Nikhil Madgavkar and Mr. Viren Popli for their appointment as Directors at the ensuing Annual General Meeting.

The Board places its sincere appreciation on record and acknowledges the valuable contribution and guidance provided by Mr. Arunkumar Solanki, Mr. Roopwant Singh, Mr. P.C. Vaidya, Mr. S. M. Khatana and Mr. Rajesh Jejurikar during their stint as Directors of the Company.

Mr. C. J. Mecwan and Mr. K. Chandrasekar are liable to retire by rotation at the forthcoming Annual General Meeting and being eligible have offered themselves for re-appointment.

Meetings:

The Board met four times during the year under review on 5th May, 2016, 30th July, 2016, 4th November, 2016 and 25th 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. K. Chandrasekar	4
Mr. Chhabildas N Patel	4
Mr. C. J. Mecwan	3
Mr. Harish Chavan	4
Mr. Arunkumar Solanki (*resigned with effect from 7th July, 2016*)	-
Mr. Sanjay Prasad (*appointed with effect from 1st August, 2016*)	-
Mr. Roopwant Singh (*resigned with effect from 5th August, 2016*)	1
Mr. Ravindra Dhariwal (*resigned with effect from 21st October, 2016*)	2
Mr. P. C. Vaidya (*resigned with effect from 4th November, 2016*)	3
Mr. S. Nagarajan (*appointed with effect from 4th November, 2016*)	2

Name of Director	Number of Board Meetings Attended
Mr. Nikhil Madgavkar (*appointed with effect from 14th November, 2016*)	1
Mr. S. M. Khatana (*appointed with effect from 13th December, 2016 and resigned with effect from 25th April, 2017*)	-
Mr. Rajesh Jejurikar (*resigned with effect from 11th May, 2017*)	3*
Mr. Viren Popli (*appointed with effect from 11th May, 2017*)	-

* *Out of the three meetings in which he was present, he participated in two meetings through video conferencing.*

Evaluation of performance of Directors:

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 (including Independent Directors). Feedback were 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.

The Nomination and Remuneration Committee has also carried out an Evaluation of the performance of the Directors individually.

Meeting of Independent Directors:

The Independent Directors of the Company met on 4th November, 2016 without the presence of the Manager or other Non-Independent Directors or Chief Financial Officer or any other Management Personnel. The Meeting was conducted in an informal and flexible manner to enable the Independent Directors to discuss matters pertaining to, inter alia, review of performance of Non-Independent Directors and the Board as a whole, assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

COMMITTEES OF THE BOARD

Audit Committee:

The Audit Committee comprises of Mr. K. Chandrasekar (Chairman), Mr. S. Nagarajan (Member) and Mr. Chhabildas Patel (Member).

The Audit Committee was re-constituted during the year with effect from 4th November, 2016 by inducting Mr. S. Nagarajan in place of Mr. Ravindra Dhariwal who ceased to be a Director of the Company w.e.f. 21st October, 2016.

Audit Committee met thrice during year, i.e., on 5th May, 2016, 4th November, 2016 and 25th February, 2017.

The attendance at the Meetings of the Audit Committee was as follows:

Director	Designation	No. of meetings attended
Mr. K. Chandrasekar	Chairman	3
Mr. Chhabildas N Patel	Member	3
Mr. Ravindra Dhariwal*	Member	1
Mr. S. Nagarajan**	Member	1

*Ceased to be a Director and thereby member of the Committee w.e.f. 21st October, 2016.

** Appointed as a member of the Committee w.e.f. 4th November, 2016.

Nomination and Remuneration Committee:

The Nomination and Remuneration Committee comprises of Mr. C.J. Mecwan (Chairman), Mr. S. Nagarajan (Member), Mr. Chhabildas Patel (Member) and Mr. Nikhil Madgavkar (Member w.e.f. 11th May, 2017)

The Nomination and Remuneration Committee was re-constituted during the year with effect from 4th November, 2016 by induction of Mr S Nagarajan as its member pursuant to resignation of Mr. Ravindra Dhariwal as a Director with effect from 21st October, 2016.

The Committee was further reconstituted by induction of Mr. Nikhil Madgavkar as its member pursuant to resignation of Mr. Rajesh Jejurikar as a Director w.e.f. 11th May, 2017.

Nomination and Remuneration Committee met thrice during year, i.e., on 5th May, 2016, 30th July, 2016 and 4th November, 2016 and the attendance at the Meetings of the Nomination and Remuneration Committee was as follows:

Director	Designation	No. of meetings attended
Mr. C.J. Mecwan	Chairman	2
Mr. Rajesh Jejurikar#	Member	3@
Mr. Ravindra Dhariwal*	Member	2
S. Nagarajan**	Member	Nil
Mr. Chhabildas N Patel	Member	3
Mr. Nikhil Madgavkar##	Member	Nil

*Ceased to be a Director and thereby a member of the Committee w.e.f. 21st October, 2016.

** Appointed as a member of the Committee w.e.f. 4th November, 2016.

#Ceased to be a Director and thereby member of the Committee w.e.f. 11th May, 2017.

Apponited as a member of the Committee w.e.f. 11th May, 2017

@ Out of the three meetings in which he was present, he participated in two meetings through video conferencing.

Corporate Social Responsibility Committee (CSR Committee):

The Corporate Social Responsibility Committee comprises of Mr. K. Chandrasekar (Chairman), Mr. C.J. Mecwan (Member) and Mr. S. Nagarajan (Member).

The CSR Committee was re-constituted during the year w.e.f. 4th November, 2016 by induction of Mr. S. Nagarajan as its member pursuant to resignation of Mr. Ravindra Dhariwal as a Director w.e.f. 21st October 2016.

CSR Committee met once during year, i.e., on 5th May, 2016 and the attendance at the Meetings of the CSR Committee was as follows:

Director	Designation	No. of meetings attended
Mr. K. Chandrasekar	Chairman	1
Mr. C.J. Mecwan	Member	1
Mr. Ravindra Dhariwal*	Member	1
Mr. S. Nagarajan**	Member	Nil

*Ceased to be a Director and thereby member of the Committee w.e.f. 21st October, 2016.

** Appointed as a member of the Committee w.e.f. 4th November, 2016.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

During the year, your Company continued it's CSR initiatives in the area of sanitation and promoting girl child education. Your Company constructed 15 fully equipped toilets at Rayantalavdi village near Vadodara (Gujarat State) and contributed to K.C. Mahindra Education Trust under their 'Nanhi Kali' program that promotes girl child education.

CORPORATE SOCIAL RESPONSIBILITY POLICY

Your Board has approved a Corporate Social Responsibility policy in accordance with the relevant provisions of Companies Act, 2013. The same may be accessed on the Company's website: http://www.mahindragujarat.com/wp-content/uploads/2017/06/CSR-Policy-MGTL-21052015.pdf.

An Annual Report on Corporate Social Responsibility is attached as Annexure I and forms part of this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, your Directors, based on representation from operating management, and after due enquiry, state that :

(a) in the preparation of the annual financial statement for the year ended 31st March 2017 the applicable accounting standards have been followed;

(b) the Directors had in consultation with Statutory auditors selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year on 31st March, 2017 and of the Loss of the Company for the financial year ended on that date;

(c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the Directors have prepared annual accounts on a going concern basis; and,

(e) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CODES OF CONDUCT

Your Company has adopted Codes of Conduct for its Directors, and senior management and employees ("the Codes"). These Codes enunciate the underlying principles governing the conduct of 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, received declarations from Directors, and senior management and employees, affirming compliance with the respective Codes.

POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES AND CRITERIA FOR APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

Your Board has, on the recommendation of the Nomination and Remuneration Committee approved policies for the appointment/removal of Directors and Senior Management Personnel together with the criteria for determining qualifications, positive attributes and Independence of Directors, and Remuneration of Directors, Key Managerial Personnel and other Employees.

These policies are provided as Annexure II and form part of this Report.

KEY MANAGERIAL PERSONNEL

Pursuant to Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Key Managerial Personnel of your Company are as below:

1. Mr. Sandeep Jaiswal as Manager;
2. Mr. Ashok Panara as Chief Financial Officer; and
3. Mr. Sumeet Maheshwari as Company Secretary

Mr. Shri Om Tyagi resigned as Manager of the Company with effect from 1st October, 2016. Consequently, Mr. Sandeep Jaiswal was appointed as Manager of your Company with effect from 4th November, 2016.

SECRETARIAL AUDITORS

Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, states that every public company having a paid-up share capital of Rupees Fifty Crore or more; or every public company having a turnover of Rupees Two Hundred Fifty Crore or more shall annex with its Board's report, a secretarial audit report, given by a Company Secretary in practice. Post the issue and allotment of Equity shares on rights basis, the paid up share capital of the Company had crossed the threshold limit of Rupees fifty crores and accordingly your Board had approved the appointment of M/s. Samdani Shah & Asso., Company Secretaries, Vadodara to conduct secretarial audit for the financial year 2016-17.

In terms of provisions of sub section 1 of Section 204 of Companies Act, 2013, the Company has annexed with this Report as Annexure III, a Secretarial Audit Report in prescribed Form MR 3 given by M/s. Samdani Shah & Kabra (Erstwhile M/s. Samdani Shah & Asso).

The Secretarial Auditors' Report does not contain any qualification, reservation or adverse remark.

Further, your Board has also approved the appointment of M/s. Samdani Shah & Kabra (Erstwhile M/s. Samdani Shah & Asso.), Company Secretaries, Vadodara to conduct secretarial audit for the financial year 2017-18.

STATUTORY AUDITORS

At the Thirty-Fifth Annual General Meeting, M/s. Bipin & Co., Chartered Accountants, Vadodara (Firm Registration No. 101509W) were appointed as the Statutory Auditors of your Company to hold office up to the conclusion of Fortieth Annual General Meeting.

Pursuant to the first proviso of Section 139(1) of Companies Act, 2013, the Members are requested to ratify appointment of Statutory Auditors at the ensuring Annual General Meeting and fix their remuneration.

As required under the provisions of Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, your Company has obtained a written consent and certificate from the Statutory Auditors to the effect that their appointment, if ratified, would be in conformity with the conditions, limits and criteria specified therein.

Your Directors confirm that the Auditors' Report does not contain any qualification, reservation or adverse remark.

REPORTING OF FRAUDS

During the year under review, the Statutory Auditors have not reported any instances of frauds committed in the Company by its officers or employees to the Audit Committee under section 143(12) of the Companies Act 2013, details of which needs to be mentioned in this report.

INDUSTRIAL RELATIONS

Industrial relations have generally remained cordial throughout the year.

INTERNAL CONTROLS

Your Company has implemented a system of internal controls and monitoring procedures as well as internal financial controls on financial statement and the same is, in the opinion of the Board, commensurate with the Company's size and operations. Your Company regularly conducts reviews to assess the adequacy of financial and operating controls. Significant issues, if any, are brought to the attention of the Audit Committee. Statutory Auditors and Internal Auditor are invited to attend Audit Committee meetings.

RISK MANAGEMENT POLICY

Your Company is exposed to a variety of risks which may impact its operations. These risks are mitigated by using an integrated risk management approach.

Your Company has formulated a risk management policy which provides for evaluation of risks which may threaten the existence of the Company, and facilitates development of a suitable plan to mitigate the same.

PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES OR INVESTMENTS

Your Company has not accepted any deposits covered under Chapter V of the Companies Act, 2013, from the public, or its employees, during the year.

Your Company has not, whether directly or indirectly, given loans, made investments, and/or provided guarantees/ securities which are required to be reported under Section 186 of the Companies Act, 2013.

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

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

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

Particulars of material contracts or arrangements or transactions with related parties, referred to under Section 188(1) of the Companies Act, 2013, are furnished in Form AOC-2 as Annexure IV 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 V and forms part of this Report.

THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

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

SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE

Your Company pursues various safety improvement measures. The safety measures have been on focus throughout the year resulting in an increase in Safety Activity Ratio (S.A.R.) and achieved Zero accident during the year. During the year, operating systems in your Company were certified with Integrated Management System (IMS - ISO 9001:2015 & OHSAS 18001-2007) and awarded certificate from TUV-NORD. All statutory requirements have been adhered to & fully complied with.

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

The particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are provided in Annexure VI and form part of this report.

GENERAL DISCLOSURE

Your Directors state that no disclosure or reporting is required in respect of the following items as they were not applicable to your Company during the year:

a) Issue of equity shares with differential rights as to dividend, voting or otherwise.

b) Issue of shares (including sweat equity shares) to employees of the Company under any ESOP scheme, etc.

c) Disclosure of remuneration of employees under Section 197(12) of the Companies Act, 2013 read with Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, since your Company is an unlisted Company.

No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the Company's going concern status and operations in future.

ACKNOWLEDGEMENTS

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

For and on behalf of the Board

K. Chandrasekar	**C.J. Mecwan**
Director	Director

Place: Mumbai
Date: 11th May, 2017

ANNEXURE I TO THE DIRECTORS' REPORT

ANNUAL REPORT ON CSR ACTIVITIES OF MAHINDRA GUJARAT TRACTOR LIMITED

(1) A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes:

Weblink: http://www.mahindragujarat.com/wp-content/uploads/2017/06/CSR-Policy-MGTL-21052015.pdf.

The objective of the Company's CSR policy is to-

- Promote a unified and strategic approach to CSR by incorporating under the 'Rise for Good' umbrella the diverse range of its philanthropic initiatives, and causes to work for thereby ensuring high social impact.
- Encourage employees to participate actively in the Company's CSR activities and give back to society in an organized manner through the employee volunteering programme called ESOPs (Employee Social Options).

The Company has pledged to contribute 2% of its average net profits earned during the three immediately preceding financial years towards CSR initiatives to meet the needs of the local communities where it operates.

Our commitment to CSR will be manifested by investing resources in the following thrust areas:

1. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care, sanitation, including contribution to the 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, Paralympics sports and Olympic sports;
8. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
9. Contribution or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
10. Rural development projects;
11. Slum area development.

The Corporate Social Responsibility Committee (CSR Committee) of the Company shall be responsible for monitoring implementation of the CSR Policy. CSR Committee shall approve and recommend to the Board projects or programmes to be undertaken, the modalities of execution, and implementation schedule thereof.

(2) The Composition of the CSR Committee: K. Chandrasekar (Chairman), C. J. Mecwan, and S. Nagarajan

(3) Average net profit of the Company for last three financial years : Rs. 455/- lakhs

(4) Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above) : Rs. 9.10/- lakhs

(5) Details of CSR spent during the financial year.

(a) Total amount spent for the financial year: Rs. 9.92 lakhs
(Includes Rs. 0.18 lakhs which was unspent in the previous year and was carried forward and spent in construction of toilets for the financial year 2016-17)

(b) Amount unspent, if any: NIL

(c) Manner in which the amount spent during the financial year is detailed below

Sr. No.	Particulars	CSR Expenditure
(1)	CSR project or activity identified	Construction of Toilets and Girl Child Education
(2)	Sector in which the project is covered	Sanitation and Education
(3)	Projects or programme (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	1. Local Area for Toilets Construction at Rayantalavdi Village near Vadodara, Gujarat 2. Girl Child Education in Nasik, Maharashtra
(4)	Amount outlay (budget project or programme wise)	Construction of Toilets Rs. 4.55 lacs and Girl Child Education Rs. 4.55 lacs
(5)	Amount spent on the project or programme Sub Heads: (1) Direct Expenditure on projects or programmes (2) Overheads	Direct Expenditure of Rs. 9.92 lakhs NIL
(6)	Cumulative expenditure up to the reporting period	Rs. 9.92 lakhs
(7)	Amount Spent direct or through implementing agency – Through K.C. Mahindra Education Trust – Directly by the Company	Rs. 4.55 Lakhs Rs. 5.37 Lakhs

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: NIL

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

K. Chandrasekar
Director and Chairman of the CSR Committee

C. J. Mecwan
Director

Place: Mumbai
Date: 11th May, 2017

ANNEXURE II TO THE DIRECTORS' REPORT

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT

DEFINITIONS

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

"**Board**" means Board of Directors of the Company.

"**Company**" means Mahindra Gujarat Tractor Limited (MGTL).

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

"**Employee**" means employee of the Company whether employed in India or outside India including employees in the Senior Management team of the Company.

"**HR**" means the Human Resource department of the Company.

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

a. Managing Director (MD) or Chief Executive Officer (CEO) or Manager or Whole time Director (WTD)

b. Chief Financial Officer (CFO), and

c. Company Secretary (CS).

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

"**Senior Management**" means personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive Directors, including functional heads.

I. APPOINTMENT OF DIRECTORS

NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of an individual Board member, NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of a Director as applicable:

1. All Board appointments will be based on merit, in the context of skills, experience, independence and knowledge required for the Board as a whole to be effective.

2. Ability of the candidate to devote sufficient time and attention to professional obligations as an Independent Director for balanced decision making.

3. Adherence to the Code of Conduct and ensuring the highest level of corporate governance, in letter and in sprit, by Directors.

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

REMOVAL OF DIRECTORS

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

SENIOR MANAGEMENT PERSONNEL

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

For administrative convenience, senior management personnel will be appointed or promoted and removed/relieved with the authority of the Managing Director/CEO/Manager based on business needs and suitability of the candidate.

Managing Director/CEO/Manager shall report details of such appointments to NRC at least twice in a year.

II. SUCCESSION PLANNING:

Purpose

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

Board:

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

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

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

Senior Management Personnel:

The Company's succession planning program aims to identify high growth individuals, and groom them in order to maintain a robust talent pipeline.

The Company has a process of identifying individuals with high potential and having abilities to hold critical positions. Successors are mapped for such positions in order to ensure talent readiness.

The Company participates in the Mahindra Group's Talent Management process which is driven by a collaborative network of Talent Councils across the Group's various Sectors.

POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNELAND OTHER EMPLOYEES

Purpose

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Mahindra Gujarat Tractor Limited (MGTL).

Policy Statement

Our compensation philosophy strives to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in business.

In order to effectively implement this, our compensation structure is developed through external benchmarking as appropriate, with relevant players across the industry we operate in.

Non-Executive Including Independent Directors

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

The Board shall determine compensation to Non-Executive Directors within the overall limits specified in the Shareholders' resolution.

Executive Director/Managing Director/Manager

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

Key Managerial Personnel (KMPs)

The remuneration to Manager shall be recommended by NRC to the Board. Remuneration will consist of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders' resolution. While fixed compensation is determined at the time of their appointment, variable compensation will be determined annually by NRC based on their performance.

The terms of remuneration of the Chief Financial Officer (CFO) and the Company Secretary shall be determined either by any Director or such other person as may be authorised by the NRC.

The above remuneration shall be competitively benchmarked for similar positions in the industry and aligned with their qualifications, experience, and responsibilities. Pursuant to the provisions of section 203 of the Companies Act 2013, the Board shall approve remuneration of the above KMPs at the time of their appointment.

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

Employees

We follow a position and level based approach for compensation benchmarking with companies in the tractor and related industries.

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

- Performance
- Potential
- Criticality

Remuneration for new employees other than KMPs and senior management will be decided by HR, and approved by the Managing Director/Chief Executive Officer/Manager, based on factors such as relevant job experience, last compensation drawn, skill-set of the selected candidate, internal equity and related parameters.

For and on behalf of the Board

K. Chandrasekar
Director

C. J. Mecwan
Director

Place: Mumbai
Date: 11th May, 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 Gujarat Tractor Limited
Vishwamitri, Nr. Railway Overbridge,
Vadodara – 390011,
Gujarat.

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

Based on our verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on March 31, 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 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 being Unlisted Public 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, 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) Guidelines, 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;

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India. Being Unlisted Public Company, clauses/regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, are 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.

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, if any, were carried out in compliance with the provisions of the Act.

We further report that adequate notice is given to all the 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 clarification on the Agenda items before the meeting and for meaningful participation at the meeting.

We further report that 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 all the applicable laws, rules, regulations and guidelines.

We further report that during the audit period there were no specific instances/actions in pursuance of the above referred laws, rules, regulations, guidelines, etc., having a major bearing on the Company's affairs.

S. Samdani
Partner

Samdani Shah & Kabra
(Erstwhile Samdani Shah & Asso.)
Company Secretaries
FCS No. 3677
CP No. 2863

Place: Vadodara,
Date: 1st May, 2017

This Report is to be read with our letter of even date annexed as Appendix A and forms part of this report.

Appendix A

To,

The Members,
Mahindra Gujarat Tractor Limited
Vishwamitri, Nr. Railway Overbridge,
Vadodara – 390011,
Gujarat.

Our Secretarial Audit report of even date is to be read along with this letter, that:

- Maintenance of Secretarial records and compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management of the company. Our examination was limited to the verification and audit of procedures and records on test basis. Our responsibility is to express an opinion on these secretarial records and compliances based on such verification and audit.
- We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of 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.
- Wherever required, we have obtained the management representation about the Compliance of laws, rules and regulations and happening of events etc.
- 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.

S. Samdani
Partner

Samdani Shah & Kabra
(Erstwhile Samdani Shah & Asso.)
Company Secretaries
FCS No. 3677
CP No. 2863

Place: Vadodara,
Date: 1st May, 2017

ANNEXURE IV TO THE DIRECTORS' REPORT

FORM NO. AOC. 2

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

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

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

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

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

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any (Rs. Lacs)	Date(s) of approval by the Board, if any	Amount paid as advances, if any
1	Mahindra & Mahindra Limited. (Holding Company)	Purchase of Tractors	Financial year ended 31st March, 2017	581	Not Applicable	–
2	Mahindra & Mahindra Limited. (Holding Company)	Purchase of Components of Tractors	Financial year ended 31st March, 2017	1531	Not Applicable	–
3	Mahindra & Mahindra Limited. (Holding Company)	Sale of Tractors and its Components	Financial year ended 31st March, 2017	75	Not Applicable	–
4	Mahindra & Mahindra Limited. (Holding Company)	Services Received for Employees on Deputation	Financial year ended 31st March, 2017	227	Not Applicable	–
5	Mahindra & Mahindra Limited. (Holding Company)	Expenses Reimbursed	Financial year ended 31st March, 2017	57	Not Applicable	–
6	Mahindra Logistics Limited. (Fellow Subsidiary)	Logistics Services Received	Financial year ended 31st March, 2017	323	Not Applicable	–
7	Mahindra & Mahindra Limited. (Holding Company)	Purchase of Assets	Financial year ended 31st March, 2017	7	Not Applicable	–

Note: for the purpose of materiality, the following criteria have been considered.

10% of Turnover of the Company or Rs. One hundred crore, whichever is lower is considered material for the purpose of disclosure in respect of contracts/transactions/arrangements for sale, purchase, or supply of any goods or materials.

10% of Net-worth of the Company or Rs. One hundred crore, whichever is lower is considered material for the purpose of disclosure in respect of Contracts/transactions/arrangements for selling or otherwise disposing of or buying property of any kind.

10% of the Net-worth of the Company or 10% of turnover of the Company or Rs. One hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for leasing of property of any kind.

10% of Turnover of the Company or Rs. Fifty crores, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/ transactions/ arrangements for rendering of services.

For and on behalf of the Board

K. Chandrasekar — Director

C. J. Mecwan — Director

Place: Mumbai
Date: 11th 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:

i.	Corporate Identification Number (CIN)	:	U34100GJ1978PLC003127
ii.	Registration Date	:	31st March, 1978
iii.	Name of the Company	:	Mahindra Gujarat Tractor Limited
iv.	Category/Sub-Category of the Company	:	Indian Non-Government Company Limited by shares
v.	Address of the Registered office and contact details	:	Vishwamitri, Near Railway Overbridge Vadodara – 390011, Gujarat Tel.: +91-265-2311617/2339547 Fax: +91-265-2338015/2338156 Contact: maheshwari.sumeet@mahindra.com
vi.	Whether listed Company Yes/No	:	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	NSDL Database Mangement Limited 4th Floor A wing Trade World, Kamala Mills Compound Senapati Bapat Marg., Lower Parel, Mumbai-400013. Tel No. 022-49142700 Fax: 022-49142503

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 products/services	NIC Code of the Product/service	% to total turnover of the Company
1	Manufacturing of Tractors	28211	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
1	Mahindra & Mahindra Limited	L65990MH1945PLC004558	Holding Company	60%	2(46)

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

i) Category-wise share holding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	6,120,791	6,120,791	40	–	21,720,791	21,720,791	40	–
d) Bodies Corp.	–	9,181,188	9,181,188	60		32,581,188	32,581,188	60	–
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other....	–	–	–	–	–	–	–	–	–
Sub-total (A)(1)	–	**15,301,979**	**15,301,979**	**100**	–	**54,301,979**	**54,301,979**	**100**	–

Category of Shareholders	No. of Shares held at the beginning of the year Demat	Physical	Total	% of Total Shares	No. of Shares held at the end of the year Demat	Physical	Total	% of Total Shares	% change during the year
(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)	–	**15,301,979**	**15,301,979**	**100**	–	**54,301,979**	**54,301,979**	**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./Corporate incorporated outside India									
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)									
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)	–	**15,301,979**	**15,301,979**	**100**	–	**54,301,979**	**54,301,979**	**100**	–

(ii) Shareholding of promoters (equity):

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year No. of shares	% of total shares of the company	% of shares pledged/encumebred to total shares	Shareholding at the end of the year No. of shares	% of total shares of the company	% of shares pledged/encumebred to total shares	% change in shareholding during the year
1	Mahindra & Mahindra Limited	1,683,211	11	–	5,973,211	11	–	–
2	Mahindra & Mahindra Limited jointly with Mr. Ashutosh Vidwans	1	–	–	1	–	–	–
3	Mahindra & Mahindra Limited jointly with Mr. Rajeev Goel	1	–	–	1	–	–	–

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares pledged/encumebred to total shares	No. of shares	% of total shares of the company	% of shares pledged/encumebred to total shares	
4	Mahindra & Mahindra Limited jointly with Mr. Bishwambar Mishra	1	–	–	–	–	–	–
5	Mahindra & Mahindra Limited jointly with Mr. Nikhil Madgavkar	–	–	–	1	–	–	–
6	Mahindra & Mahindra Limited jointly with Mr. Harish Chavan	1	–	–	1		–	–
7	Mahindra & Mahindra Limited jointly with Mr. S. Durgashankar	1	–	–	1		–	–
8	Mahindra & Mahindra Limited jointly with Mr. Ashok Kumar Panara	1	–	–	1		–	–
9	Mahindra & Mahindra Limited jointly with Mr. Shri Om Tyagi	1	–	–	–		–	–
10	Mahindra & Mahindra Limited jointly with Mr. Sandeep Jaiswal	–	–	–	1		–	–
11	Mahindra Holdings Limited	7,497,970	49	–	26,607,970	49	–	–
12	Governor of Gujarat	6,120,784	40	–	21,720,784	40	–	–
13	Governor of Gujarat jointly with Mr. M. B. Soni	1	–	–	–	–	–	–
14	Governor of Gujarat jointly with Mr. J. D.Dave	–	–	–	1	–	–	–
15	Governor of Gujarat jointly with Mr. A. M. Choudhary	1	–	–	–	–	–	–
16	Governor of Gujarat jointly with Ms. Bhavita Rathod	–	–	–	1	–	–	–
17	Governor of Gujarat jointly with Mr. R. T. Christian	1	–	–	–	–	–	–
18	Governor of Gujarat jointly with Mrs. B. R. Thakkar	–	–	–	1	–	–	–
19	Governor of Gujarat jointly with Mr. S. R. Choudhary	1	–	–	–	–	–	–
20	Governor of Gujarat jointly with Mr. B. M. Modi	–	–	–	**1**	–	–	–
21	Governor of Gujarat jointly with Mr. K. D. Panchal	**1**	–	–	–	–	–	–
22	Governor of Gujarat jointly with Mr. M. K Qureshi	–	–	–	**1**	–	–	–
23	Governor of Gujarat jointly with Mr. B. M. Jadhav	**1**	–	–	**1**	–	–	–
24	Governor of Gujarat jointly with Mr. G. K. Thakor	**1**	–	–	**1**	–	–	–
	Total	**15,301,979**	**100**	–	**54,301,979**	**100**	–	–

(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	1683211	11		–	–
	Increase- Allotment of Equity shares under Rights issue on 27th June, 2016	–	–	4290000	5973211	11
	At the End of the year	–	–		5973211	11
2.	**Mahindra & Mahindra Limited jointly with Mr. Bishwambar Mishra**					
	At the beginning of the year	1	0		–	–
	Decrease- Transfer of share to Mahindra & Mahindra Limited jointly with Mr. Nikhil Madgavkar on 30th July, 2016			1	–	0
	At the End of the year	–	0		–	0
3.	**Mahindra & Mahindra Limited jointly with Mr. Nikhil Madgavkar**					
	At the beginning of the year	–	0		–	0
	Increase- Share transferred from Mahindra & Mahindra Limited jointly with Mr. Bishwambar Mishra on 30th July, 2016			1	–	0
	At the End of the year	–	0		1	0
4.	**Mahindra & Mahindra Limited jointly with Mr. Shri Om Tyagi**					
	At the beginning of the year	1	0		–	–
	Decrease- Transfer of share to Mahindra & Mahindra Limited jointly with Mr. Sandeep Jaiswal on 25th February, 2017			1	–	–
	At the End of the year	–	0		–	0
5.	**Mahindra & Mahindra Limited jointly with Mr. Sandeep Jaiswal**					
	At the beginning of the year	–	0		–	0
	Increase- Share transferred from Mahindra & Mahindra Limited jointly with Mr. Shri Om Tyagi 25th February, 2017			1	–	0
	At the End of the year	–	0		1	0
6.	**Mahindra Holdings Limited**					
	At the beginning of the year	7497970	49		–	–
	Increase- Allotment of Equity shares under Rights issue on 27th June, 2016			19110000	26607970	49
	At the End of the year	–	–		26607970	49
7.	**Governor of Gujarat**					
	At the beginning of the year	6120784	40		–	–
	Increase- Allotment of Equity shares under Rights issue on 27th June, 2016			15600000	21720784	40
	At the End of the year	–	–		21720784	40
8.	**Governor of Gujarat jointly with Mr. M. B. Soni**					
	At the beginning of the year	1	0		–	–
	Decrease- Transfer of share to Governor of Gujarat jointly with Mr. J. D.Dave on 30th July, 2016			1	–	0
	At the End of the year	–	0		–	0
9.	**Governor of Gujarat jointly with Mr. J.D. Dave**					
	At the beginning of the year	–	0		–	–
	Increase- Share transferred from Governor of Gujarat jointly with Mr. M.B. Soni on 30th July, 2016			1	–	0
	At the End of the year	–	0		1	0
10.	**Governor of Gujarat jointly with Mr. R. T. Christian**					
	At the beginning of the year	1	0		–	0
	Decrease- Transfer of share to Governor of Gujarat jointly with Mr. B.R. Thakkar on 30th July, 2016			1	–	0
	At the End of the year	–	0		–	0
11.	**Governor of Gujarat jointly with Mrs. B.R. Thakkar**					
	At the beginning of the year	–	0		–	0
	Increase- Share transferred from Governor of Gujarat jointly with Mr. R. T. Christian on 30th July, 2016			1	–	0
	At the End of the year	–	0		1	0
12.	**Governor of Gujarat jointly with Mr. S. R. Choudhary**					
	At the beginning 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
	Decrease- Transfer of share to Governor of Gujarat jointly with Mr. B. R. Shah on 30th July, 2016			1	–	0
	At the End of the year	–	0		–	0
13.	**Governor of Gujarat jointly with Mr. B.R. Shah**					
	At the beginning of the year	–	0		–	–
	Increase- Share transferred from Governor of Gujarat jointly with Mr. S. R. Choudhary on 30th July, 2016			**1**	–	**0**
	At the End of the year	–	**0**		**1**	**0**
14.	**Governor of Gujarat jointly with Mr. K. D. Panchal**					
	At the beginning of the year	**1**	**0**		–	**0**
	Decrease- Transfer of share to Governor of Gujarat jointly with Mr. M.K. Qureshi on 30th July, 2016			**1**	–	**0**
	At the End of the year	–	**0**		–	**0**
15.	**Governor of Gujarat jointly with Mr. M.K.Qureshi**					
	At the beginning of the year	–	**0**		–	**0**
	Increase- Share transferred from Governor of Gujarat jointly with Mr. K.D. Panchal on 30th July, 2016			**1**	–	**0**
	At the End of the year	–	**0**		**1**	**0**
16.	**Governor of Gujarat jointly with Mr. A.M. Choudhary**					
	At the beginning of the year	**1**	**0**		–	**0**
	Decrease- Transfer of share to Governor of Gujarat jointly with Mrs. Bhavita Rathod on 30th July, 2016			**1**	–	**0**
	At the End of the year	–	**0**		–	**0**
17.	**Governor of Gujarat jointly with Mrs. Bhavita Rathod**					
	At the beginning of the year	–	**0**		–	**0**
	Increase- Share transferred from Governor of Gujarat jointly with Mr. A.M. Choudhary on 30th July, 2016			**1**	–	**0**
	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): Not Applicable

Sr. No.	Name of the Shareholder:	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	–	–	–	–
	Change	–	–	–	–
	At the End of 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		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	**Mr. Shri Om Tyagi** (Jointly with Mahindra & Mahindra Limited)					
	At the beginning of the year	1	0		–	–
	Decrease-Share transferred to Mr. Sandeep Jaiswal (Jointly with Mahindra & Mahindra Limited) on 25th February, 2017			1	–	0
	At the End of the year	–	0		–	0
2.	**Mr. Sandeep Jaiswal** (Jointly with Mahindra & Mahindra Limited)					
	At the beginning of the year	–	0		–	–

Sr. No.	For Each of the Directors and KMP	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- Share transferred from Mr. Shri Om Tyagi (Jointly with Mahindra & Mahindra Limited) on 25th February, 2017			1	–	0.00
	At the End of the year	–	–		1	0.00
3.	**Mr. Ashok Kumar Panara** (Jointly with Mahindra & Mahindra Limited)					
	At the beginning of the year	1	0		1	0
	Change	–	–	NIL	–	–
	At the End of the year	1	0		1	0
4.	**Mr. Harish Chavan** (Jointly with Mahindra & Mahindra Limited)					
	At the beginning of the year	1	0		1	0
	Change	–	–	NIL	–	–
	At the End of the year	1	0		1	0
5.	**Mr. Nikhil Madgavkar** (Jointly with Mahindra & Mahindra Limited)					
	At the beginning of the year	–	–		–	–
	Increase- Share transferred from Mr. Bishwambar Mishra (Jointly with Mahindra & Mahindra Limited) on 30th July, 2016	–	–	1	–	0
	At the End of the year	–	–		1	0

V. INDEBTEDNESS

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

(Rs. Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	–	901.83	–	901.83
ii) Interest due but not paid	–	806.71	–	806.71
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	**1,708.54**	–	**1,708.54**
Change in Indebtedness during the financial year				
• Addition	–	–	–	–
• Reduction	–	(1708.54)	–	(1708.54)
Net Change	–	**(1708.54)**	–	**(1708.54)**
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:

(Rs. in Lakhs)

Sr. No.	Particulars of Remuneration	Name of Manager		
		S. O. Tyagi (upto 1st October, 2016)	Sandeep Jaiswal (w.e.f 4th November, 2016)	Total Amount
1.	Gross salary			
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	16.75	25	41.75
	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… Fees	–	–	–
5.	Others, please specify	–	–	–
	Total (A)	**16.75**	**25**	**41.75**
	Ceiling as per the Act	As per schedule V of the Companies Act, 2013		

B. Remuneration to other directors:

(Rs. in Lakhs)

Sr. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. Ravindra Dhariwal (upto 21st October, 2016)	Mr. S. Nagarajan (from 4th November, 2016)	Mr. Chhabildas Patel	
1.	Independent Directors				
	• Fee for attending board/committee meetings	0.80	0.50	1.40	2.70
	• Commission	–	–	–	–
	• Others, please specify	–	–	–	–
	Total (1)	**0.80**	**0.50**	**1.40**	**2.70**
2.	Other Non-Executive Directors	–	–	–	
	• Fee for attending board/committee meetings	–	–	–	–
	• Commission	–	–	–	–
	• Others, please specify	–	–	–	–
	Total (2)	–	–	–	–
	Total (B)=(1+2)	**0.80**	**0.50**	**1.40**	**2.70**
	Total Managerial Remuneration				
	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			
		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, specify... Fees	–	–	–	–
5.	Others, please specify	–	1.72	22.86	24.58
	Total	–	**1.72**	**22.86**	**24.58**

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	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA
B. DIRECTORS					
Penalty	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA
C. OTHER OFFICERS IN DEFAULT					
Penalty	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA

For and on behalf of the Board

K. Chandrasekar
Director

C. J. Mecwan
Director

Place: Mumbai
Date: 11th May, 2017

ANNEXURE VI TO THE DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY

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

During the year, your Company has taken following initiatives for conservation of energy:

- Optimum utilization of the plant & machinery.
- Maintain power factor at unity (0.999)
- Energy saver engine testing dynamometer.
- Acoustic enclosure for Tractor PTO Testing - reduces noise.

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

- Replacement of asbestos roof sheets in select portion with transparent sheets to use natural light resulted to improve lux level
- Provision of Air circulator to improve air changeover.

(c) the capital investment on energy conservation equipments:

- New Transmission line and storage system.
- Roof ventilators with Natural lighting,
- Introduction of LED lights/Solar lamps.

B. TECHNOLOGY ABSORPTION

i) the efforts made towards technology absorption:

Areas in which Research & Development is carried out:

- Keeping in view the future requirements of technological up- gradation, your Company has undertaken various programs like development of tractor to meet future regulatory norms in India and also upgrade some models with improved aesthetics.

ii) the benefits derived like product improvement, cost reduction, product development or import substitution:

- During the year under review, pursuant to R&D efforts on development of new features, Company introduced Oil brakes in 35 hp, Power steering in Orchard model.

iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – NIL

(a) the details of technology imported: N.A.

(b) the year of import: N.A.

(c) whether the technology been fully absorbed: N.A.

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: N.A.

iv) the expenditure incurred on Research and Development : **(Rupees in Lakhs)**

(a) Capital Expenditure	Rs. NIL
(b) Recurring Expenditure	Rs. 11.46

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	**Rs.16.17 Lakhs (EURO : 21986)**	Nil

For and on behalf of the Board

K. Chandrasekar
Director

C. J. Mecwan
Director

Place: Mumbai
Date: 11th May, 2017

INDEPENDENT AUDITORS' REPORT

To The Member,
Mahindra Gujarat Tractor Limited

We have audited the accompanying standalone financial statements of **MAHINDRA GUJARAT TRACTOR LIMITED** ("the Company"), which comprises the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements.

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its profit/loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, We give in the "Annexure-A" a statement on the matter specified in paragraph 3 and 4 of the order to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books ,

   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the directors as on 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- B"; and

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

I. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note: 32 to the financial statements;

II. The Company did not have any long-term Contracts including derivative contract for which there were any material foreseeable losses.

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

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 those are in accordance with the books of accounts maintained by the Company. Refer Note No: 34 to the financial statements;

For BIPIN & COMPANY
Chartered Accountants
(Firm's Registration No. 101509W)

(Pradeep K Agrawal)
Partner
(Membership No. 116612)

Place: Mumbai
Date: 11th May, 2017

ANNEXURE-A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date on the account of Mahindra Gujarat Tractor Limited for the year ended on 31st March, 2017)

I. (a) The Company has maintained proper records, showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets were physically verified by the Management in accordance with a regular programme of verification which, in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) The company hold title of all immovable property held by the company.

II. (a) As explained to us, inventories were physically verified by the Management during once in a year and any discrepancy had been noticed during physical verification were properly dealt with in books of Account.

III. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 during the period under perusal.

IV. According to information and explanation provided to us, Section 185 and 186 of the Companies Act, 2013 had been complied in respect of Loans, Investments, guarantees and securities.

V. According to information and explanation provided to us, the company had not accepted any deposits during the year under review, accordingly the provision of clause 3(v) of the Companies (Auditor's Report) order, 2016 are not applicable to the company.

VI. As per the Notification No: 1/40/2013 dated 31st December,2014, the Central Government exempt automobile industries from the preview of Cost Audit, hence it is not applicable to company, under section 148 (1) of the Companies Act, 2013.

VII. (a) According to information and explanation given to us, no undisputed amount payable in respect of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax or cess were in arrears as at 31st March, 2017 for a period of more than six month from the day they become payable.

(b) Details of dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty, and cess which have not been deposited as on 31st March, 2017 on account of dispute are given below.

Name of Statue	Nature of Dues	Amount in Lakhs	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1962	Income Tax	24.17	AY 2013-14	ITAT
The Income Tax Act, 1962	Income Tax	66.73	AY 2014-15	CIT-Appeals

VIII. According to information and explanation given to us the company had not defaulted in repayment of dues to financial institution or bank.

IX. According to information and explanation given to us, no money has been raised by way of initial public offer (including debt instrument) and term loan during the year under review hence clause 3(ix) of the Companies (Auditor's Report) order, 2016 are not applicable to the company.

X. According to information and explanation given to us no fraud on or by the company has been noticed or reported during the year.

XI. According to information and explanation provided to us, managerial remuneration has been paid and provided in accordance with the requisite approval mandate by the provision of section 197 read with Schedule V of the Companies Act, 2013

XII. According to information and explanation provided to us, clause 3(xii) of the Companies (Auditor's Report) order, 2016 are not applicable to the company.

XIII. According to information and explanation provided to us, all transaction with the related parties are in compliance with section 177 and 188 of The Companies Act, 2013 and all applicable details have been disclosed in the Financial Statement as required by the applicable accounting standard.

XIV. According to information and explanation provided to us, Company has not made any preferential allotment or private placement of share or fully or partly convertible debenture during the year under review hence clause 3(xiv) of the Companies (Auditor's Report) order, 2016 are not applicable to the company.

XV. According to information and explanation provided to us, Company has not entered into any non-cash transaction with directors or person connected with him hence, clause 3(xv) of the Companies (Auditor's Report) order, 2016 are not applicable to the company.

XVI. According to information and explanation provided to us, Company is not required to register under section 45IA of the Reserve Bank of India Act, 1934 hence, clause 3(xvi) of the Companies (Auditor's Report) order, 2016 are not applicable to the company.

For BIPIN & COMPANY
Chartered Accountants
(Firm's Registration No. 101509W)

(Pradeep K Agrawal)
Partner
(Membership No. 116612)

Place: Mumbai
Date: 11th May, 2017

ANNEXURE-B TO THE AUDITORS' REPORT

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

We have audited the internal financial controls over financial reporting of Mahindra Gujarat Tractor Limited ("the Company") as of 31st March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 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 BIPIN & COMPANY
Chartered Accountants
(Firm's Registration No. 101509W)

(Pradeep K Agrawal)
Partner
(Membership No. 116612)

Place: Mumbai
Date: 11th May, 2017

BALANCE SHEET AS AT 31ST MARCH, 2017

Rupees in 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) Property, Plant and Equipment	3	**1,105.69**	659.22	682.44
	(b) Capital Work-in-Progress		**158.01**	–	–
	(c) Other Intangible Assets	4	**0.19**	0.91	5.53
	(d) Financial Assets:				
	(i) Investment	5	**–**	–	–
	(ii) Loans	7	**62.69**	22.29	20.44
	(e) Non-Current Tax Assets (Net)	9	**58.06**	–	–
	(f) Other Non-current Assets	10	**25.92**	8.03	23.83
	SUB-TOTAL		**1,410.56**	690.45	732.24
	CURRENT ASSETS				
	(a) Inventories	11	**1,115.38**	1,040.52	1,701.17
	(b) Financial Assets:				
	(i) Trade Receivables	6	**2,656.41**	4,146.31	3,434.52
	(ii) Cash and Cash Equivalents	12a	**382.10**	308.35	258.28
	(iii) Other Bank Balances	12b	**1,612.73**	10.59	10.68
	(v) Loans	7	**51.81**	86.32	65.77
	(vi) Other Financial Assets	8	**42.21**	1.96	2.08
	(c) Current Tax Assets (Net)	9	**–**	–	–
	(d) Other Current Assets	10	**136.33**	83.17	98.11
	SUB-TOTAL		**5,996.97**	5,677.22	5,570.60
	TOTAL ASSETS		**7,407.53**	6,367.67	6,302.84
II	**EQUITY AND LIABILITIES**				
	EQUITY				
	(a) Equity Share Capital	13	**5,430.20**	1,530.20	1,530.20
	(b) Other Equity	14	**(2,810.01)**	(2,277.01)	(2,356.97)
	SUB-TOTAL		**2,620.19**	(746.81)	(826.77)
	LIABILITIES				
1)	**NON-CURRENT LIABILITIES**				
	(a) Provisions	17	**282.82**	270.67	309.75
	(b) Non-Current Tax Liabilities (Net)	9	**–**	–	–
	SUB-TOTAL		**282.82**	270.67	309.75
2)	**CURRENT LIABILITIES**				
	(a) Financial Liabilities				
	(i) Borrowings	19	**–**	901.83	1,022.32
	(ii) Trade Payables	15	**2,115.61**	2,892.67	2,538.37
	(iii) Other Financial Liabilities	16	**2,235.61**	2,826.77	3,084.15
	(b) Provisions	17	**104.25**	113.94	139.04
	(c) Current Tax Liabilities	9	**–**	38.00	5.04
	(d) Other Current Liabilities	18	**49.05**	70.61	30.95
	SUB-TOTAL		**4,504.52**	6,843.81	6,819.87
	TOTAL LIABILITIES		**7,407.53**	6,367.67	6,302.84
	See accompanying notes to the financial statements	1&2			

In terms of our report attached
For **Bipin & Company**
Chartered Accountants
Firm Regn. no : 101509W

CA. Pradeep K Agrawal
Partner
Membership No.: 116612

Place : Mumbai
Date : 11th May 2017

For and on behalf of the Board of Directors

K. Chandrasekar Director
C. J. Mecwan Director
Sandeep Jaiswal Manager
Ashok Panara Chief Financial Officer
Sumeet Maheshwari Company Secretary

Place : Mumbai
Date : 11th May 2017

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

Rupees in Lakhs

	Particulars	Note No.	Year Ended on 31st March 2017	Year Ended on 31st March 2016
I.	**Revenue from operations**	20	**7,357.00**	8,603.62
II.	**Other Income**	21	**181.95**	461.87
III.	**Total Revenue (I + II)**		**7,538.95**	9,065.49
IV.	**EXPENSES**			
	(a) Cost of materials consumed	22(a)	**4,615.94**	3,907.76
	(b) Purchases of Stock-in-trade		**580.61**	1,925.62
	(c) Changes in stock of finished goods, work-in-progress and stock-in-trade	22(b)	**68.17**	489.04
	(d) Excise duty on sale of goods		**37.98**	33.63
	(e) Employee benefit expense	23	**1,279.15**	1,135.34
	(f) Finance costs	24	**97.00**	175.36
	(g) Depreciation and amortisation expense	3&4	**73.37**	77.89
	(h) Other expenses	25	**1,307.87**	1,166.65
	Total Expenses (V)		**8,060.09**	8,911.31
	Profit/(loss) before exceptional items and tax (I - IV)		**(521.14)**	154.17
	Exceptional Items		**–**	–
V.	**Profit/(loss) before tax**		**(521.14)**	154.17
VI.	**Tax Expense**			
	(1) Current tax	9	**–**	80.00
	(2) Deferred tax	9	**–**	–
	Total tax expense		**–**	80.00
VII.	**Profit/(loss) after tax (V - VI)**		**(521.14)**	74.17
IX.	**Other comprehensive income**			
	Acturial Gain/(Loss) of as per Acturial valuation		**(11.86)**	5.79
X.	**Total comprehensive income for the period (IX + VIII)**		**(533.00)**	79.96
XI.	**Earnings per equity share**			
	(1) Basic	26	**(0.98)**	0.52
	(2) Diluted	26	**(0.98)**	0.52

In terms of our report attached
For **Bipin & Company**
Chartered Accountants
Firm Regn. no : 101509W

CA. Pradeep K Agrawal
Partner
Membership No.: 116612

Place : Mumbai
Date : 11th May 2017

For and on behalf of the Board of Directors

K. Chandrasekar Director
C. J. Mecwan Director
Sandeep Jaiswal Manager
Ashok Panara Chief Financial Officer
Sumeet Maheshwari Company Secretary

Place : Mumbai
Date : 11th May 2017

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

Rupees in Lakhs

	Particulars	Note No.	Year Ended on 31st March 2017	Year Ended on 31st March 2016
I.	**Cash flows from operating activities**			
	Profit before tax for the year		**(533.00)**	159.96
	Finance costs recognised in profit or loss	**24**	**83.90**	166.55
	Gain on disposal of property, plant and equipment	**21**	**(16.55)**	(148.67)
	Depreciation and amortisation of non-current assets	**3&4**	**73.37**	77.89
	Provision for Doubtful debts and advances	**25**	**130.39**	45.87
	Write back of unclaimed security deposits of Dealers	**21**	**–**	(104.73)
	Provisions written back	**21**	**(41.45)**	(83.96)
			(303.35)	112.91
	Movements in working capital:			
	Increase in trade and other receivables		**1,242.31**	(749.19)
	(Increase)/decrease in inventories		**(74.86)**	660.65
	(Decrease)/increase in other liabilities		**(581.63)**	218.31
	Cash generated from operations		**282.47**	242.68
	Income taxes paid	**9**	**(96.06)**	(47.05)
	Net cash generated by operating activities		**186.41**	195.63
II.	**Cash flows from investing activities**			
	Payments for property, plant and equipment	**3&4**	**(685.47)**	(69.31)
	Proceeds from disposal of property, plant and equipment	**3&4**	**24.88**	167.93
	Net cash (used in)/generated by investing activities		**(660.59)**	98.62
III.	**Cash flows from financing activities**			
	Proceeds from Equity Issue	**13**	**3,900.00**	–
	Repayment of borrowings	**19**	**(901.83)**	(120.49)
	Interest paid	**16**	**(848.11)**	(124.05)
	Net cash used in financing activities		**2,150.06**	(244.54)
IV.	**Net increase in cash and cash equivalents**		**1,675.85**	49.71
	Cash and cash equivalents at the beginning of the year	**12a**	**318.95**	269.24
	Effects of exchange rate changes on the balance of cash held in foreign currencies		**–**	–
V.	**Cash and cash equivalents at the end of the year**		**1,994.80**	318.95

In terms of our report attached
For **Bipin & Company**
Chartered Accountants
Firm Regn. no : 101509W

CA. Pradeep K Agrawal
Partner
Membership No.: 116612

Place : Mumbai
Date : 11th May 2017

For and on behalf of the Board of Directors

K. Chandrasekar Director
C. J. Mecwan Director
Sandeep Jaiswal Manager
Ashok Panara Chief Financial Officer
Sumeet Maheshwari Company Secretary

Place : Mumbai
Date : 11th May 2017

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

Note: Accounting Policies

1. Corporate Information

Gujarat Tractor Corporation Limited (GTCL) a Public Limited Company domiciled in India and incorporated on 31st March, 1978 under the provisions of the Companies Act, 1956 (CIN: U34100GJ1978PLC003127) and a Government of Gujarat Undertaking. As a part of Disinvestment by Government of Gujarat, the Mahindra & Mahindra Ltd. acquired 60% stake in Equity Shares of the Company in 1999-2000. The name of the Company changed to Mahindra Gujarat Tractor Limited (MGTL/the Company) in the year 2000. Currently Mahindra Group hold 60% and Government of Gujarat hold 40% Equity in the Company. The Company is engaged in the Manufacture and Sale of Tractors under the brand name "Shaktimaan", "Hindustan", "Farm Plus" and spares of the same. The Company carries out its business activities in India and Nepal. The Factory and Registered Office of the Company is located at Vishwamitri, Vadodara, Gujarat and Sales & Distribution Offices and Yards in major States of India.

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. Refer Note 3.28 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 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. The Revenue is including Excise Duty and after deducting various Dealer Incentives and Discounts.

2.3.1 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.

2.3.2 Royalties

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably). Royalties determined on a time basis are recognised on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

2.3.3 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.

2.4 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.

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.

2.5 Employee benefits

2.5.1 Retirement benefit costs and termination benefits

Payments 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 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.

2.5.2 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 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.

2.5.3 Contributions from employees or third parties to defined benefit plans

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan.

When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

If the contributions are not linked to services (e.g. contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability (asset).

If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the Company reduces service cost by attributing the contributions to periods of service using the attribution method required by Ind AS 19.70 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the Company reduces service cost in the period in which the related service is rendered/ reduces service cost by attributing contributions to the employees' periods of service in accordance with Ind AS 19.70.

2.6 Taxation

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

2.6.1 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.

2.6.2 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 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.

2.6.3 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. 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.

2.7 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.

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 not depreciated.

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.

Under IND AS First time adoption Exemptions company has adopted historical cost as carrying amount for various tangible assets

2.7.1 Useful lives of tangible assets

Estimated useful lives of the tangible assets are as follows:

Building – Non Factory 60 years

Building – Factory 30 years

Plant & Machineries, Jig& Fixtures and Pattern & Moulds 15 Years

Furniture & Fixtures, Electrical Installation 10 Years

Motor Vehicles – Cars & Tractors 8 Years

Computer – Servers and Network 6 Years

Office Equipments 5 Years

Computer – End use devices (Desktop, Laptop, Printer etc.) 3 Years

Assets Value < Rs. 5000 1 Year

2.8 Intangible assets

2.8.1 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.

Under IND AS First time adoption Exemptions company has adopted historical cost as carrying amount for various tangible assets

2.8.2 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.

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.

2.8.3 Useful lives of intangible assets

Estimated useful lives of the intangible assets are as follows:

Development Expenditure 5 years

Softwares 3 Years

2.9 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 Company 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.

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Cost of raw material and traded goods comprises sot of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of Inventories also include all other cost incurred in bringing the inventories to their present location and condition. Cost of purchase inventory are determined after deducting rebates and discounts.

2.11 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).

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.

2.11.1 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.

2.11.2 Warranties

Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Company's obligation.

2.11.3 Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with Ind AS 37 and the amount initially recognised less cumulative amortisation recognised in accordance with Ind AS 18 Revenue.

2.12 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.

2.13 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

2.13.1 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.

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.

2.13.2 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.

2.13.3 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.

2.13.4 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, 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 First-time adoption – mandatory exceptions, optional exemptions

2.14.1 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.

2.14.2 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.

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

The Company has 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.

2.15.4 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.

2.16 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2.1 to 2.15, 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.

Statement of changes in Equity for the year ended on 31st March 2017

A. Equity share capital

Rupees in Lakhs

Particulars	**Amount**
As at 1st April, 2015	**1,530.20**
Changes in equity share capital during the year	–
As at 31st March, 2016	**1,530.20**
Changes in equity share capital during the year	3,900.00
As at 31st March, 2017	**5,430.20**

Note:

During the year, Company has raised fund through right issue of equity shares 3,90,00,000 of Rs. 10 each to existing equity shareholders in their shareholding ratio.

Out of Rs. 3900 lakhs equity infusion, Rs. 1749 lakhs is used for repayment of Loan Liabilities of the promoters, Rs. 685 lakhs spent in Capex for new facilities in the Company and balance fund will be used for enhancement of capacity of the plant, new product development etc.

Surplus fund of Rs. 1600 lakhs is invested in the fixed deposit with Banks.

B. Other Equity

Rupees in Lakhs

Particulars	Reserves and Surplus Capital Reserve	Retained Earnings	Total
As at 1st April, 2015	**217.13**	**(1,894.35)**	**(1,677.22)**
Profit/(Loss) for the period	–	74.17	**74.17**
Other Comprehensive Income/ (Loss)	–	5.79	**5.79**
Total Comprehensive Income for the year	–	79.96	**79.96**
Accrued Dividend on 8.5% Cumulative Redeemable Preference Shares of Rs. 10 each	–	(631.46)	**(631.46)**
Additional Provision for Doubtful Debts as per ECL method	–	(48.29)	**(48.29)**
As at 31st March, 2016	**217.13**	**(2,494.14)**	**(2,277.01)**
Profit/(Loss) for the period	–	(521.14)	**(521.14)**
Other Comprehensive Income/ (Loss)	–	(11.86)	**(11.86)**
Total Comprehensive Income for the year	–	(533.00)	**(533.00)**
Any other changes	–	–	**–**
As at 31st March, 2017	**217.13**	**(3,027.14)**	**(2,810.01)**

Note:

Considering book losses the Board of Directors had not declared dividend on preference share since allotment. Thus no provision had been made for 8.5% dividend, amounting to Rs. 631.46 lakhs on preference shares for the period from 23rd May, 2000 (being the date of allotment) to the preceding year ended 31st March, 2015 and Rs. 42.50 lakhs for the current year, and additional tax thereon as per the accounting treatment under IGAAP.

Now as per IND As the accrued Dividend on Preference Shares has to be identified as Other Current Financial Liabilities under Unpaid Dividends.

Earlier it was shown as contingent liability, So Accrued Dividend upto 31.03.2015 of Rs. 631.46 has been identified as Unpaid dividends and continue to be represented so.

Note No. 3 - Property, Plant and Equipment

Rupees in Lakhs

	Description of Assets	Land - Freehold	Buildings - Freehold	Plant and Equipment - Freehold	Office Equipment	Furniture and Fixtures	Vehicles	Total
I.	**Gross Carrying Amount**							
	Balance as at 1st April 2016	1.03	147.97	1,125.11	53.26	43.11	61.77	1,432.25
	Additions	–	59.58	443.25	6.68	5.23	12.59	527.33
	Disposals	–	–	(89.20)	(14.68)	(15.97)	(3.42)	(123.27)
	Balance as at 31st March 2017	**1.03**	**207.55**	**1,479.16**	**45.26**	**32.37**	**70.94**	**1,836.31**
II.	**Accumulated depreciation and impairment**							
	Balance as at 1st April 2016	–	76.52	602.00	35.22	25.65	33.64	773.03
	Depreciation expense for the year	–	2.41	56.60	6.17	2.66	4.69	72.53
	Eliminated on disposal of assets	–	–	(82.58)	(13.93)	(15.18)	(3.25)	(114.94)
	Balance as at 31st March 2017	**–**	**78.93**	**576.02**	**27.46**	**13.13**	**35.08**	**730.62**
III.	**Net carrying amount (I-II)**	**1.03**	**128.62**	**903.14**	**17.80**	**19.24**	**35.86**	**1,105.69**

Rupees in Lakhs

	Description of Assets	Land - Freehold	Buildings - Freehold	Plant and Equipment - Freehold	Office Equipment	Furniture and Fixtures	Vehicles	Total
I.	**Gross Carrying Amount**							
	Balance as at 1st April, 2015	1.03	142.96	1,394.89	51.00	41.79	114.78	**1,746.45**
	Additions	–	5.01	60.44	2.26	1.32	–	**69.03**
	Disposals	–	–	(330.22)	–	–	(53.01)	**(383.23)**
	Balance as at 31st March, 2016	**1.03**	**147.97**	**1,125.11**	**53.26**	**43.11**	**61.77**	**1,432.25**
II.	**Accumulated depreciation and impairment**							
	Balance as at 1st April, 2015	–	74.27	859.36	29.26	23.03	78.09	**1,064.01**
	Depreciation expense for the year	–	2.25	56.34	5.96	2.62	5.82	**72.99**
	Eliminated on disposal of assets	–	–	(313.70)	–	–	(50.27)	**(363.97)**
	Balance as at 31st March, 2016	**–**	**76.52**	**602.00**	**35.22**	**25.65**	**33.64**	**773.03**
III.	**Net carrying amount (I-II)**	**1.03**	**71.45**	**523.11**	**18.04**	**17.46**	**28.13**	**659.22**

Note:

Impairment losses not recognised in the year:

During the year ended on 31st March 2017, there were no impairment indicators. So impairment loss not recognised.

Depreciation Method and Useful Life

The depreciation methods used and the useful lives or the depreciation rates used mentioned in Note on Accounting Policies

Tangible Asset given to Co-op Society on Hire Purchase

Certain fixed assets were transferred to various Industrial Co-operative Societies on hire purchase basis, had been reduced from the Gross Block of Fixed Assets of the Company in the year of actual transactions in past, but they still remain the property of this Company till the last installment is paid.

Secured Loans repayable on demand from Bank

Cash Credit facilities from Banks are secured by hypothecation of entire current assets, present and future, and first charge over movable machinery and mortgage of Ten acres of land.

Note No. 4 - Other Intangible Assets

Rupees in Lakhs

	Description of Assets	Development Expenditure	Computer Software	Total
I.	**Gross Carrying Amount**			
	Balance as at 1st April, 2016	55.51	47.74	103.25
	Additions from separate acquisitions	–	0.13	0.13
	Balance as at 31st March, 2017	**55.51**	**47.87**	**103.38**
II.	**Accumulated depreciation and impairment**			
	Balance as at 1st April, 2016	55.51	46.83	102.34
	Amortisation expense for the year	–	0.85	0.85
	Balance as at 31st March, 2017	**55.51**	**47.68**	**103.19**
III.	**Net carrying amount (I-II)**	**–**	**0.19**	**0.19**

Rupees in Lakhs

	Description of Assets	Development Expenditure	Computer Software	Total
	Intangible Assets			
I.	**Cost**			
	Balance as at 1st April, 2015	55.51	47.46	102.97
	Additions from separate acquisitions	–	0.28	0.28
	Balance as at 31st March, 2016	55.51	47.74	103.25
II.	**Accumulated depreciation and impairment**			
	Balance as at 1st April, 2015	51.40	46.04	97.44
	Amortisation expense for the year	4.11	0.79	4.90
	Balance as at 31st March, 2016	55.51	46.83	102.34
III.	**Net carrying amount (I-II)**	–	0.91	0.91

Note No. 5 - Investments(Non-Current)

Rupees in Lakhs

Particular	As at 31st March, 2017 QTY	As at 31st March, 2017 Amount Rs.	As at 31st March, 2016 QTY	As at 31st March, 2016 Amount Rs.	As at 1st April, 2015 QTY	As at 1st April, 2015 Amount Rs.
Investments Carried at:						
Designated as Fair Value Through Profit and Loss						
I. Unquoted Investments (all fully paid)						
Other Non-Current Investments	**–**	**4.45**	–	4.45	–	4.61
Total Unquoted Investments	**–**	**4.45**	–	4.45	–	4.61
TOTAL INVESTMENTS CARRIED AT FAIR VALUE	**–**	**4.45**	–	4.45	–	4.61
TOTAL INVESTMENTS	**–**	**4.45**	–	4.45	–	4.61
Total Impairment value for investment carried at FVTPL	**–**	**(4.45)**	–	(4.45)	–	(4.61)
TOTAL INVESTMENTS CARRYING VALUE	**–**	**–**	–	–	–	–

Note:

Details of Investments in the Shares of Industrial Co-Operative Societies within MGTL Premises.

Rupees in Lakhs

Sr.	Name of Industrial Co-Operative Societies	% of Holding of Company	No. of shares held by Company	As at 31st March, 2017	As at 31st March, 2016
1	Pragati Ind. Co-Op. Soc. Ltd.	41.61%	228	1.14	1.14
2	Sarvoday Ind. Co-Op.Soc. Ltd.	40.00%	140	0.70	0.70
3	Parishram Ind. Co-Op.Soc. Ltd.	37.93%	154	0.77	0.77
4	Adarsh Ind. Co-Op.Soc. Ltd.	36.84%	140	0.70	0.70
5	Ajay Ind. Co-Op.Soc. Ltd.	0.50%	1	0.01	0.01
6	Akshay Ind. Co-Op. Soc. Ltd.	40.04%	227	1.14	1.14
	TOTAL			**4.45**	4.45

Note No. 6 - Trade receivables

Rupees in Lakhs

	Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
	Trade receivables			
1.	Secured, considered good	**358.46**	512.55	669.13
2.	Unsecured, considered good	**2,297.95**	3,633.76	2,765.39
3.	Doubtful	**300.00**	169.61	128.49
	Less: Provision for Doubtful Debts	**(300.00)**	(169.61)	(80.20)
	Less: ECL Provision	–	–	(48.29)
	TOTAL	**2,656.41**	4,146.31	3,434.52

Note:

The Company has Bank Guarantees as security as on 31st March 2017: INR 304 Lakhs, (31st March 2016: INR. 444 Lakhs, 01st April 2015: INR 753 Lakhs Bank Guarantee), where appropriate, as a means of mitigating the risk of financial loss from defaults. Other than these company also have Security Deposits of various dealers as necessary.

Note No. 7 - Loans

Rupees in Lakhs

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)	**Security Deposits**						
	Utility Deposits	**5.76**	**62.69**	52.16	22.29	34.83	20.44
Total (a)		**5.76**	**62.69**	52.16	22.29	34.83	20.44
b)	**Other Loans**						
	Other Advances	**39.77**	–	29.14	–	24.39	–
	Advances to Employees	**6.28**	–	5.02	–	6.55	–
Total (b)		**46.05**	–	34.16	–	30.94	–
Grand total		**51.81**	**62.69**	86.32	22.29	65.77	20.44

Note No. 8 - Other Financial assets

Rupees in Lakhs

Particulars	**As at 31st March, 2017**	As at 31st March, 2016	As at 1st April, 2015
Interest accrued on Deposits	**42.21**	1.96	2.08
Total	**42.21**	1.96	2.08

Note No. 9 - Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Rupees in Lakhs

Particulars	**Year ended 31st March, 2017**	Year ended 31st March, 2016
Current Tax:		
In respect of current year	**–**	80.00
In respect of prior years	**–**	–
Total income tax expense on continuing operations	**–**	80.00

For the financial year 2016-17 there is Loss as per Income Tax so Advance Tax as well Tax deducted source of Rs. 58.06 lakhs will due for refund from Income Tax.

(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	**(533.00)**	154.17
Income tax expense calculated at 33.06%	**(176.21)**	50.97
Effect of expenses that is non-deductible in determining taxable profit	**3.33**	3.64
Effect of Expenses on which deferred tax asset is not created	**46.94**	25.40
Effect of current year losses for which no deferred tax asset is recognised	**125.95**	–
Income tax expense recognised in profit or loss from continuing operations	**(0.00)**	80.01

The tax rate used for the 31st March 2017 and 31st March 2016 reconciliations above is the corporate tax rate of 33.06% payable by company on taxable profits under Indian Income Tax Laws.

(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.

Rupees in Lakhs

Particulars	**As at 31st March, 2017**	As at 31st March, 2016	As at 1st April, 2015
Deferred Tax Asset			
Gratuity & Leave Encashment	**72.86**	77.05	116.13
Bonus	**–**	0.66	6.49
Provision for Doubtful Debts and Advances	**99.18**	56.07	27.17
Current Tax Loss FY 2016-17	**125.95**	–	–
Deferred Tax Liability			
Depreciation	**(110.15)**	(68.06)	(79.06)
Total DTA/(DTL)	**187.83**	65.72	70.73

Note No. 10 - Other assets

Rupees in Lakhs

	As at 31st March, 2017		As at 31st March, 2016		As at 1st April, 2015	
	Current	**Non-Current**	Current	Non-Current	Current	Non-Current
1 Capital advances						
(i) For Capital work in progress	–	**25.92**	–	8.03	–	23.83
2 Advances other than capital advances						
(i) Balances with government authorities (other than income taxes)	**127.08**	–	71.34	–	86.25	–
(ii) Other advances	**9.25**	–	11.83	–	11.86	–
Total	**136.33**	**25.92**	83.17	8.03	98.11	23.83

Note:

Details of Balances with Government Authorities(other than Income Tax) by Category

	Particulars	**As at 31st March, 2017**	As at 31st March, 2016	As at 31st March, 2015
1	Balances with VAT Authorities	**86.63**	53.22	45.73
2	Balances with Excise Authorities	**40.45**	18.12	40.52
	Total	**127.08**	71.34	86.25

Note No. 11 - Inventories

Rupees in Lakhs

	Particulars	**As at 31st March, 2017**	As at 31st March, 2016	As at 1st April, 2015
1	Raw materials	**682.61**	540.30	713.42
2	Work-in-progress	**68.15**	86.19	109.58
3	Finished and semi-finished goods	**327.37**	337.83	697.85
4	Stock-in-trade of goods acquired for trading	**5.82**	45.49	151.12
5	Stores and spares	**5.29**	5.29	5.32
6	Loose Tools	**26.14**	25.43	23.87
	Total Inventories (at lower of cost and net realisable value)	**1,115.38**	1,040.52	1,701.17

Note:

The inventory of Raw Material includes Raw Material Goods in Transit amounting Rs. 0.83 lakhs

The cost of inventories recognised as an expense during the year in respect of continuing operations was Rs. 5360.83 (31st March 2016: Rs. 6429.70)

The carrying amount of inventories pledged as security for Cash Credit Facility from the Bank is Rs. 1115.38 as on 31st March 2017 (31st March 2016: Rs. 1040.52, 1st April 2015: Rs. 1701.17).

Mode of valuation of inventories is at lower of cost and net realisable value.

Note No. 12a - Cash and cash equivalents

Rupees in Lakhs

	Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
	Cash and cash equivalents			
1	Balances with banks	**0.40**	0.40	0.41
2	Cheques, drafts on hand	**322.13**	227.04	256.15
3	Cash on hand	**0.76**	0.76	1.72
4	Cash Credit Account	**58.81**	80.15	–
	Total Cash and cash equivalent	**382.10**	308.35	258.28

Note No. 12b - Other Bank Balances

		Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
		Other Bank Balances			
1		Balances with Banks:			
	(i)	On Margin Accounts	**12.37**	10.00	10.00
	(ii)	Fixed Deposits with maturity greater than 3 months	**1,600.36**	0.59	0.68
		Total Other Bank balances	**1,612.73**	10.59	10.68

Note:

Margin Money Deposits are against the company's Letter of Credit and Bank Guarantee issued

Cash and cash equivalents include cash in hand and in banks, net of overdraft.

Details of Specified Bank Notes is mentioned in Note No. 34

Note No. 13 - Equity Share Capital

Rupees in Lakhs

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
Authorised:						
Equity Shares of Rs. 10 each	**55,000,000**	**5,500.00**	55,000,000	5,500.00	55,000,000	5,500.00
8.5% Cumulative Redeemable Preference Shares of Rs. 10 each	**–**	**–**	–	–	–	–
Issued, Subscribed and Fully Paid:						
Equity Shares of Rs. 10 each	**54,301,979**	**5,430.20**	15,301,979	1,530.20	15,301,979	1,530.20
8.5% Cumulative Redeemable Preference Shares of Rs. 10 each	**–**	**–**	–	–	–	–
Total	**54,301,979**	**5,430.20**	15,301,979	1,530.20	15,301,979	1,530.20

Note:

(i) Issued and Subscribed Capital includes - Equity Share Capital

a. 1,500,000 Equity Shares of Rs. 10 each issued to Government of Gujarat as fully paid up, without receiving payment in cash, being the consideration for transfer of the undertaking of Hindustan Tractors Limited to the Company.

b. 11,979 Equity Shares of Rs. 10 each issued to Government of Gujarat as fully paid up, being the reimbursement of preliminary expenses incurred by them on the formation of the Company.

c. 13,790,000 Equity Shares of Rs. 10 each issued to Government of Gujarat consequent upon conversion of loan of Rs. 137,900,000 into Equity Share Capital.

d. Out of 15,301,979 Equity Shares, as stated above held by the Government of Gujarat, 9,181,188 Equity Shares were divested by sale to Mahindra Group. The holding by Mahindra Group is as follows 1,683,218 Equity Shares are held by Mahindra & Mahindra Limited, the holding Company, including 7 Equity Shares jointly with its nominees & 7,497,970 Equity shares are held by Mahindra Holdings Limited.

e. During the year FY 2016-17, Company has raised fund through right issue of equity shares 39,000,000 of Rs. 10 each to existing equity shareholders in their shareholding ratio.

(ii) Preference Share Capital

a. As per IND AS preference share capital is excluded from Share Capital of the company and disclosed as Other Financial Liability as "Unpaid Matured Preference Shares".

(iii) 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 of Rs. 10 each				
Year Ended 31st March 2017				
	No. of Shares	15,301,979	39,000,000	54,301,979
	Amount	1,530.20	3,900.00	5,430.20
Year Ended 31st March 2016				
	No. of Shares	15,301,979	–	15,301,979
	Amount	1,530.20	–	1,530.20
Year Ended 1st April 2015				
	No. of Shares	15,301,979	–	15,301,979
	Amount	1,530.20	–	1,530.20

(iv) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	No. of Shares
As at 31st March 2017	
Mahindra Holdings Limited, the Holding Company	**26,607,970**
Mahindra & Mahindra Ltd, the Ultimate Holding Company	**5,973,218**
As at 31st March 2016	
Mahindra Holdings Limited, the Holding Company	7,497,970
Mahindra & Mahindra Ltd, the Ultimate Holding Company	1,683,218
As at 1st April 2015	
Mahindra Holdings Limited, the Holding Company	7,497,970
Mahindra & Mahindra Ltd, the Ultimate Holding Company	1,683,218

(v) 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 of Rs.10 each						
Mahindra Holdings Limited, the Holding Company	**26,607,970**	**49%**	7,497,970	49%	7,497,970	49%

Class of shares/ Name of shareholder	As at 31st March 2017 Number of shares held	% holding in that class of shares	As at 31st March 2016 Number of shares held	% holding in that class of shares	As at 1st April 2015 Number of shares held	% holding in that class of shares
Mahindra & Mahindra Ltd, the Ultimate Holding Company	**5,973,218**	**11%**	1,683,218	11%	1,683,218	11%
Government of Gujarat	**21,720,791**	**40%**	6,120,791	40%	6,120,791	40%

Note No. 14 - Other Equity

Rupees in Lakhs

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Capital Reserve	217.13	217.13	217.13
Retained Earning	(3,027.14)	(2,494.14)	(2,574.10)
Total	**(2,810.01)**	(2,277.01)	(2,356.97)

Movement in Reserves

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
(I) Capital Reserve			
Balance as at the beginning of the year	**217.13**	217.13	217.13
Add/Less: Additions/Utilised during the year	**–**	–	–
Balance as at the end of the year	**217.13**	217.13	217.13
(II) Retained Earnings			
Balance as at the beginning of the year	**(2,494.14)**	(2,574.10)	(1,894.35)
Add :			
Profit/(Loss) for the period	**(521.14)**	74.17	–
Other Comprehensive Income/(Loss)	**(11.86)**	5.79	–
Accrued Dividend on 8.5% Cumulative Redeemable Preference Shares of Rs. 10 each	**–**	–	(631.46)
Additional Provision for Doubtful Debts as per ECL method	**–**	–	(48.29)
Balance as at the end of the year	**(3,027.14)**	(2,494.14)	(2,574.10)

Note:

Considering book losses the Board of Directors had not declared dividend on preference share since allotment. Thus no provision had been made for 8.5% dividend, amounting to Rs. 631.46 lakhs on preference shares for the period from 23rd May, 2000 (being the date of allotment) to the preceding year ended 31st March, 2015 and Rs. 42.50 lakhs for the current year, and additional tax thereon as per the accounting treatment under IGAAP.

Now as per IND As the accrued Dividend on Preference Shares has to be identified as Other Current Financial Liabilities under Unpaid Dividends.

Earlier it was shown as contingent liability, So Accrued Dividend upto 31.03.2015 of Rs. 631.46 has been identified as Unpaid dividends and continue to be represented so.

Note No. 15 - Trade Payables

Rupees in Lakhs

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Trade payable - Micro and small enterprises	**13.12**	29.13	5.59
Trade payable - Other than micro and small enterprises	**2,102.49**	2,863.54	2,532.78
Total trade payables	**2,115.61**	2,892.67	2,538.37

Note:

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. There are some Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than the stipulated period. The information regarding micro, small and medium enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors. The disclosures required to be made as per Micro, Small, and Medium Enterprise Development Act 2006 are as follows:

	Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
I.	Dues remaining unpaid			
	Principal	**13.12**	29.63	5.59
	Interest	**0.15**	0.50	1.60
II.	Interest paid in terms of Section 16 of the Act (actual)	**0.15**	0.50	1.52
III.	Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	**0.15**	0.50	1.05
IV.	Amount of interest accrued and remaining unpaid	**0.15**	0.50	1.05
V.	Amount of interest due and payable on previous year's outstanding amount	–	–	–

VI. The names of the small scale industrial undertaking(s) to whom the Company owes any sum exceeding Rs. 1,00,000/- together with interest which is outstanding for more than 45 days are A.J.Industries, Ddhya Engineers, Alfa Industrial Corporation, Chamunda Engineering Works, Craftsmen Graphics, Esspal Sheet Metal India Pvt. Ltd., Inducto Cast, Mateshwari Engineers, Mehta Automobiles, Musafir Brothers, Power Drives, Pramukh Industries, Pratik Hytech Works Pvt. Ltd., Qualimax Industries, Shaktiwan Manufacturers

Note No. 16 - Other Financial Liabilities

Rupees in Lakhs

	Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
	Other Financial Liabilities Measured at Amortised Cost			
A	**Current**			
1	Interest accrued	**–**	806.71	806.71
2	Unpaid dividends (Preference dividend, considered as interest)	**716.45**	673.96	631.46
3	Trade and Security Deposits	**524.92**	498.99	640.03
4	Unpaid matured preference shares	**500.00**	500.00	500.00
5	Other liabilities			
	a) Payables on purchase of fixed assets	**90.84**	3.90	6.71
	b) Advances from Customers	**241.98**	206.79	343.54
	c) Dealers Incentives	**68.21**	29.49	43.09
	d) Expenses accruals	**82.69**	92.90	102.39
	e) Others	**10.52**	14.03	10.22
	Total other financial liabilities	**2,235.61**	**2,826.77**	**3,084.15**

Note:

5,000,000 8.5% Cumulative Redeemable Preference Shares of Rs. 10 each issued solely to Government of Gujarat (GOG) as fully paid up on 23rd May, 2000 consequent upon conversion of loan of Rs. 50,000,000.

These Share were redeemable at par at the end of fours years from the date of allotment i.e. 22nd May, 2004. and the terms of the Issue of the Shares can be varied with the express consent of the Company and the holders of the Shares at any time during the period the Shares are outstanding.

The Preference Shares issued have right to receive dividend from year to year as decided by terms of Issue i.e. 8.5% per annum from the date of allotment.

The Preference share holders will not be entitled to any of the rights and privileges available to the members of the company including right to receive notice of or to attend and vote at General Meeting or to receive Annual Reports of the Company. If, however any resolution affecting the rights attached to the Share is placed before the member of the Company , such resolution will first be placed before the Preference shareholders for their consideration.

Considering book losses the Board of Directors had not declared dividend on preference share since allotment. Thus no provision had been made for 8.5% dividend, amounting to Rs. 631.46 lakhs on preference shares for the period from 23rd May, 2000 (being the date of allotment) to the preceding year ended 31st March, 2015 and Rs. 42.50 lakhs for the current year, and additional tax thereon as per the accounting treatment under IGAAP.

Now as per IND As the accrued Dividend on Preference Shares has to be identified as Other Current Financial Liabilities under Unpaid Dividends.

Earlier it was shown as contingent liability, So Accrued Dividend upto 31.03.2015 of Rs. 631.46 has been identified as Unpaid dividends and continue to be represented so.

Note No. 17 - Provisions

Rupees in Lakhs

	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
1. Provision for employee benefits						
a) Employee Benefits	**42.03**	**282.82**	42.39	270.67	48.11	309.75
2. Other Provisions						
a) Provision for Warranty	**18.34**	**–**	21.45	–	27.04	–
b) Provision for Service Coupon	**43.88**	**–**	50.10	–	63.89	–
Total Provisions	**104.25**	**282.82**	113.94	270.67	139.04	309.75

Note:

Movement of Warranty Provision- For FY 17

Provision for Warranties	**Balance at the beginning of the year**	**Provision made during the period**	**Provision used during the period**	**Provision written back during the period**	**Balance at the end of the period**
FY 2016-17	**21.45**	**18.17**	**21.28**	**–**	**18.34**
FY 2015-16	27.04	13.68	17.37	1.9	21.45

Provision for warranty has been recognised for expected warranty claims on products sold during the last two financial years. It is expected that the majority of this expenditure will be incurred in the next financial year.

Movement of Service Coupon Provision- For FY 17

Provision for Service Coupon	**Balance at the beginning of the year**	**Provision made during the period**	**Provision used during the period**	**Provision written back during the period**	**Balance at the end of the period**
FY 2016-17	**50.10**	**28.40**	**6.67**	**27.95**	**43.88**
FY 2015-16	63.89	32.92	6.47	40.24	50.10

Note No. 18- Other Liabilities (Current)

Rupees in Lakhs

Particulars	**As at 31st March, 2017**	As at 31st March, 2016	As at 1st April, 2015
1. Statutory dues			
a) Taxes payable other than income taxes	**48.90**	70.11	29.90
2. Interest Payable	**0.15**	0.50	1.05
Total Other Liabilities	**49.05**	70.61	30.95

Note No. 19 - Current Borrowings

Rupees in Lakhs

Particulars	**As at 31st March, 2017**	As at 31st March, 2016	As at 1st April, 2015
A. Secured Borrowings			
1. Loans repayable on demand			
a) From Banks	**–**	–	120.49
Total Secured Borrowings	**–**	–	120.49
B. Unsecured Borrowings			
1. Loans from related parties	**–**	901.83	901.83
Total Unsecured Borrowings	**–**	901.83	901.83
Total Current Borrowings	**–**	901.83	1,022.32

Note:

Particulars	**Principal Amount (Rs.)**	**Interest Amount (Rs.)**	**Total Amount (Rs.)**
8.5% Cumulative Redeemable Preference Shares	500.00	673.96	1,173.96
Inter Corporate Deposit from M&M	585.00	357.39	942.39
Loan from Government of Gujarat	316.83	449.32	766.15

During the year Loan from Government of Gujarat and ICD from M&M has been repaid in full alongwith accrued interest on it.

Secured Loans repayable on demand from Bank

Cash Credit facilities from Banks are secured by hypothecation of entire current assets, present and future, and first charge over movable machinery and mortgage of Ten acres of land.

Note No. 20 – Revenue from Operations

Rupees in Lakhs

	Particulars	Year Ended on 31st March, 2017	Year Ended on 31st March, 2016
1	Revenue from sale of products (including excise duty)	**7,193.24**	8,514.83
2	Other operating revenue	**163.77**	88.79
Total Revenue from Operations		**7,357.00**	8,603.62

Note:

Reconciliation of Revenue from Sales of Product

Particulars	Year Ended on 31st March, 2016
a) Revenue from Sales (Excluding Excise duty)- As reported in Annual Report FY 2015-16	8,711.10
b) Add: Excise Duty	33.63
	8,744.73
c) Less: Dealer Incentives and Discounts	(229.90)
Net Revenue from Sales	8,514.83

Note No. 21 – Other Income

Rupees in Lakhs

	Particulars	Year Ended on 31st March, 2017	Year Ended on 31st March, 2016
(a)	Interest Income		
	1. Bank Deposits	**98.36**	0.93
	2. On overdue trade receivables	**0.18**	118.23
(b)	Royalties income	**25.41**	5.34
(c)	Profit on sale of capital assets (net of loss on assets sold)	**16.55**	148.67
(d)	Write back of Dealers Security Deposits	**–**	104.73
(e)	Excess Provisions for expenses in earlier year written back	**41.45**	83.96
Total Other Income		**181.95**	461.87

Note No. 22(a) - Cost of materials consumed

Rupees in Lakhs

Particulars	Year Ended on 31st March, 2017	Year Ended on 31st March, 2016
Opening stock	**540.30**	713.42
Add: Purchases	**4,758.24**	3,734.64
	5,298.54	4,448.06
Less: Closing stock	**682.61**	540.30
Cost of materials consumed	**4,615.94**	3,907.76

Note No. 22(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade

Rupees in Lakhs

Particulars	Year Ended on 31st March, 2017	Year Ended on 31st March, 2016
Inventories at the end of the year:		
Finished goods	**327.37**	337.83
Work-in-progress	**68.15**	86.19
Stock-in-trade	**5.82**	45.49
	401.34	469.51

Rupees in Lakhs

Particulars	Year Ended on 31st March, 2017	Year Ended on 31st March, 2016
Inventories at the beginning of the year:		
Finished goods	**337.83**	109.58
Work-in-progress	**86.19**	697.85
Stock-in-trade	**45.49**	151.12
	469.51	958.55
Net (increase)/decrease	**68.17**	489.04

Note No. 23 – Employee Benefits Expense

Rupees in Lakhs

	Particulars	Year Ended on 31st March, 2017	Year Ended on 31st March, 2016
1	Salaries and wages, including bonus	**1,140.26**	992.65
2	Contribution to provident and other funds	**59.94**	60.60
3	Staff welfare expenses	**78.95**	82.10
Total Employee Benefit Expense		**1,279.15**	1,135.34

Note:

Analysis of Contribution to provident and other funds by Category

Rupees in Lakhs

	Particulars	Year Ended on 31st March, 2017	Year Ended on 31st March, 2016
1	Contribution to Provident Fund	**52.15**	51.63
2	Contribution to Group Insurance	**7.79**	8.96
Total		**59.94**	60.60

Analysis of Staff welfare expenses by Category

Rupees in Lakhs

	Particulars	Year Ended on 31st March, 2017	Year Ended on 31st March, 2016
1	Contribution to ESI	**6.00**	4.60
2	Contribution to Labour Welfare Fund	**0.02**	0.40
3	Gratuity Provisions	**42.03**	28.89
4	Other Welfare Expenses	**42.76**	42.42
5	Defined Benefit Obligation Recognised as Other Comprehensive Income	**(11.86)**	5.79
Total		**78.95**	82.10

Note No. 24 – Finance Cost

Rupees in Lakhs

	Particulars	Year Ended on 31st March, 2017	Year Ended on 31st March, 2016
1	Interest expense	**41.40**	124.05
2	Dividend on redeemable preference shares	**42.50**	42.50
3	Other borrowing cost	**13.11**	8.80
Total finance costs		**97.00**	175.36

Note:

Analysis of Interest Expenses by Category

Rupees in Lakhs

	Particulars	Year Ended on 31st March, 2017	Year Ended on 31st March, 2016
Interest Expenses			
(a)	On Unsecured Borrowing- Loan from government of Gujarat	**13.37**	45.94
(b)	On Unsecured Borrowing- ICD From M&M	**21.24**	73.33
(c)	On Secured Borrowing- Loan from Banks	**6.79**	4.79
Total		**41.40**	124.05

Analysis of Other Borrowing Cost by Category

Rupees in Lakhs

Particulars	Year Ended on 31st March, 2017	Year Ended on 31st March, 2016
Other borrowing cost		
(a) Bank Charges	**13.11**	8.80
Total	**13.11**	8.80

Note No. 25 - Other Expenses

Rupees in Lakhs

	Particulars	Year Ended on 31st March, 2017	Year Ended on 31st March, 2016
1	Stores consumed	**14.80**	9.03
2	Tools consumed	**3.16**	1.86
3	Power and fuel	**48.26**	44.57
4	Rent including lease rentals	**25.00**	19.16
5	Rates and taxes	**29.76**	41.81
6	Insurance	**4.07**	5.09
7	Repairs and maintenance		
	– Buildings	**12.08**	14.73
	– Machinery	**22.78**	14.26
	– Others	**17.31**	8.83
8	Postage, Telephone and Communication	**18.08**	20.59
9	Legal and Professional Charges	**57.23**	62.54
10	Freight outward	**306.47**	333.20
11	Sales promotion expense	**67.62**	71.44
12	Travelling & Conveyance Expenses	**216.57**	189.14
13	Subcontracting, Hire & Service Charges	**191.75**	162.22
14	Provision for doubtful trade and other receivables, loans and advances	**130.39**	45.87
15	Auditors' remuneration	**2.30**	2.32
16	Miscellaneous expenses	**122.07**	108.21
17	Provision for warranty	**18.17**	11.78
18	Bad Debt Written off	**–**	4.76
	Less:-Provision for Doubtful Debt written back	**–**	(4.76)
19	Bad Advances Written off	**–**	0.16
	Less: Provision for Doubtful Advances written back	**–**	(0.16)
Total Other Expenses		**1,307.87**	**1,166.65**

Note:

Details of Payment to Statutory Auditor for Various purpose

Rupees in Lakhs

	Particulars	Year Ended on 31st March, 2017	Year Ended on 31st March, 2016
1	Provision for Statutory Audit Fees	**2.30**	2.32
2	Payment for Convergence of IND AS and review of IND AS Financials	**0.63**	–
Total		**2.93**	2.32

Note No. 26 - Earnings per Share

Rupees in Lakhs

Particulars	Year Ended on 31st March, 2017	Year Ended on 31st March, 2016
Basic Earnings per share		
From continuing operations	**(0.98)**	0.52
Total basic earnings per share	**(0.98)**	0.52

Rupees in Lakhs

Particulars	Year Ended on 31st March, 2017	Year Ended on 31st March, 2016
Diluted Earnings per share		
From continuing operations	**(0.98)**	0.52
Total diluted earnings per share	**(0.98)**	0.52

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 on 31st March, 2017	Year Ended on 31st March, 2016
Profit/(loss) for the year attributable to owners of the Company	**(533.00)**	79.96
Less: Preference dividend and tax thereon	**–**	–
Profits used in the calculation of basic earnings per share	**(533.00)**	79.96
Weighted average number of equity shares	**543.02**	153.02
Nominal value of Shares	**10.00**	10.00
Earnings per share from continuing operations – Basic	**(0.98)**	0.52

Diluted earnings per share

Rupees in Lakhs

Particulars	Year Ended on 31st March, 2017	Year Ended on 31st March, 2016
Profit/(loss) for the year used in the calculation of basic earnings per share	**(533.00)**	79.96
Add: Interest expense and exchange fluctuation on convertible securities	**–**	–
Profits used in the calculation of diluted earnings per share	**(533.00)**	79.96

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:

Rupees in Lakhs

Particulars	Year Ended on 31st March, 2017	Year Ended on 31st March, 2016
Weighted average number of equity shares used in the calculation of Basic EPS	**543.02**	153.02
Add:		
ESOPs	**–**	–
Convertible bonds	**–**	–
Weighted average number of equity shares used in the calculation of Diluted EPS	**543.02**	153.02

Note No. 27 - Financial Instruments

Capital management

The Company manages capital risk in order to maximize shareholders' profit by maintaining 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, 31st March 2016 and 1st April 2015 is as follows:

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Debt (A)	**1,216.45**	2,882.49	2,839.99
Equity (B)	**2,620.19**	(746.81)	(826.77)
Debt Ratio (A/B)	**0.46**	(3.86)	(3.44)

Categories of financial assets and financial liabilities

As at 31st March 2017

Particulars	**Amortised Costs**	**FVTPL**	**FVOCI**	**Total**
Non-current Assets				
Investments	**–**	**–**	**–**	**–**
Loans	**62.69**	**–**	**–**	**62.69**
Current Assets				
Trade Receivables	**2,656.41**	**–**	**–**	**2,656.41**
Other Bank Balances	**1,994.82**	**–**	**–**	**1,994.82**
Loans	**51.81**	**–**	**–**	**51.81**
Other Financial Assets	**42.21**	**–**	**–**	**42.21**
Non-current Liabilities				
Current Liabilities				
Borrowings	**–**	**–**	**–**	**–**
Trade Payables	**2,115.61**	**–**	**–**	**2,115.61**
Other Financial Liabilities	**2,235.61**	**–**	**–**	**2,235.61**

As at 31st March 2016

Particulars	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	–	–	–	–
Loans	22.29	–	–	22.29
Current Assets				
Trade Receivables	4,146.31	–	–	4,146.31
Other Bank Balances	318.94	–	–	318.94
Loans	86.32	–	–	86.32
Other Financial Assets	1.96	–	–	1.96
Non-current Liabilities				
Current Liabilities				
Borrowings	901.83	–	–	901.83
Trade Payables	2,892.67	–	–	2,892.67
Other Financial Liabilities	2,826.77	–	–	2,826.77

As at 1st April 2015

Particulars	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	–	–	–	–
Loans	20.44	–	–	20.44
Current Assets				
Trade Receivables	3,434.52	–	–	3,434.52
Other Bank Balances	268.96	–	–	268.96
Loans	65.77	–	–	65.77
Other Financial Assets	2.08	–	–	2.08
Non-current Liabilities				
Current Liabilities				
Borrowings	1,022.32	–	–	1,022.32
Trade Payables	2,538.37	–	–	2,538.37
Other Financial Liabilities	3,084.15	–	–	3,084.15

Financial Risk Management Framework

The Company's activities expose it to credit risk. In order to manage the aforementioned risk, the Company operates a risk management policy and a program that performs close monitoring of and responding to 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 (As on 31st March 2017: INR 304 Lakhs, 31st March 2016: INR. 444 Lakhs, 01st April 2015: INR 753 Lakhs Bank Guarantee), where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit exposure is controlled by counter party limits that are reviewed and approved by the risk management committee periodically.

Trade receivables consist of a large number of customers, spread across diverse geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable. In case of Exports to Nepal credit guarantee insurance cover is purchased.

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 31st March 2017, an amount of INR 239.62 Lakhs (31st March 2016: INR 89.60 Lakhs, 1st April 2015: INR 82.91 Lakhs) has been recognised as contingent.

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 and bank guarantees of Dealer which is considered as collateral.

There is no change in estimation techniques or significant assumptions during the reporting period.

The loss allowance provision is determined as follows:

	As at 31st March 2017		
	Less than 6 months past due	**More than 6 months past due**	**Total**
Expected loss rate	**–**	**0.37**	**0.10**
Gross carrying amount (Unsecured)	**2,153.69**	**802.72**	**2,956.41**
Loss allowance provision	**–**	**300.00**	**300.00**

	As at 31st March 2016		
	Less than 6 months past due	More than 6 months past due	Total
Expected loss rate	–	1.00	0.04
Gross carrying amount (Unsecured)	3,633.76	169.61	3,803.37
Loss allowance provision	–	169.61	169.61

	As at 1st April 2015		
	Less than 6 months past due	More than 6 months past due	Total
Expected loss rate	0.02	1.00	0.04
Gross carrying amount (Unsecured)	2,813.68	80.20	2,893.88
Loss allowance provision	48.29	80.20	128.49

Reconciliation of loss allowance provision for Trade Receivables

Particulars	As at 31st March, 2017	As at 31st March, 2016
Balance as at beginning of the year	**169.61**	80.20
As per ECL in Opening Provisions	**–**	48.29
Impairment losses recognised in the year based on lifetime expected credit losses		
– On receivables originated in the year	**130.39**	45.87
Amounts written off during the year as uncollectible	**–**	(4.75)
Balance at end of the year	**300.00**	169.61

The loss allowance provision has changed during the period due to amounts written off as uncollectible.

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.

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	**3,134.78**	–	–	–
Fixed interest rate instruments	**1,216.45**	–	–	–
Total	**4,351.22**	–	–	–
31-Mar-16				
Non-interest bearing	3,738.77	–	–	–
Fixed interest rate instruments	2,882.49	–	–	–
Total	6,621.26	–	–	–
1-Apr-15				
Non-interest bearing	3,684.35	–	–	–
Fixed interest rate instruments	2,960.49	–	–	–
Total	6,644.84	**–**	**–**	**–**

(iii) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

Rupees in Lakhs

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Secured Cash Credit facility			
– Expiring within one year	**500.00**	500.00	500.00
Secured Letter of Credit facility			
– Expiring within one year	**230.00**	230.00	230.00
Secured Bank Guarantee facility			
– Expiring within one year	**20.00**	20.00	20.00
	750.00	750.00	750.00

(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.

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	**4,807.95**	–	–	–
Total	**4,807.95**	–	–	–
31-Mar-16				
Non-interest bearing	4,575.81	–	–	–
Total	4,575.81	–	–	–
1-Apr-15				
Non-interest bearing	3,791.77	–	–	–
Total	3,791.77	–	–	–

Note No. 28 – Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value:

Particulars	As at 31st March, 2017		As at 31st March, 2016		As at 1st April, 2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets						
Financial assets carried at Amortised Cost:						
1) Trade and other receivables	**2,656.41**	**2,656.41**	4,146.31	4,146.31	3,434.52	3,434.52
2) Loans	**114.50**	**114.50**	108.61	108.61	86.21	86.21
3) Deposits and similar assets	**28.00**	**28.00**	93.15	93.15	124.01	124.01
Financial liabilities						
Financial liabilities held at amortised cost:						
1) Bank loans	–	–	–	–	120.49	120.49
2) Loans from Related Party	–	–	901.83	901.83	901.83	901.83
Total	–	–	901.83	901.83	1,022.32	1,022.32

Note No. 29 - Segment information

Revenue from Major Geographic Location

Particulars	Year Ended 31st March, 2017	Year Ended 31st March, 2016
Revenue from India		
Revenue from External Customers	**6,151.85**	7,819.44
Revenue from Related Parties	**73.36**	166.30
	6,225.21	7,985.74
Outside India		
Nepal	**1,339.30**	758.99
Total revenue as per profit or loss	**1,339.30**	8,744.73

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:

Particulars	Year Ended 31st March, 2017	Year Ended 31st March, 2016
Manufactured Goods	**6,532.73**	5,878.58
Traded Goods	**1,031.77**	2,866.17
Total	**7,564.51**	8,744.75

Extent of the reliance on its major customers:

There is only one Dealer whose revenue is more then 10% as against the total turnover of the company for the Financial Year 2016-17.

Note No. 30 - Employee benefits

(a) 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		
Particulars	**31-Mar-17**	31-Mar-16	1-Apr-15
Discount rate(s)	**7.50%**	8.00%	8.00%
Expected rate(s) of salary increase	**5.00%**	5.00%	5.00%
Average Longevity	**41.1**	42.2	46.09

Defined benefit plans – as per actuarial valuation on 31st March, 2017

Particulars	**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	**13.25**	12.87
Net interest expense	**16.92**	21.81
Components of defined benefit costs recognised in profit or loss	**30.17**	34.68
Remeasurement on the net defined benefit liability:		
Actuarial gains and loss arising form changes in financial assumptions	**5.93**	–
Actuarial gains and loss arising form experience adjustments	**5.93**	(5.79)
Components of defined benefit costs recognised in other comprehensive income	**11.86**	(5.79)
Total	**42.03**	**28.89**
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March 2017		
1. Present value of defined benefit obligation as at 31st March 2017	**227.53**	237.49
2. Fair value of plan assets as at 31st March 2017	**–**	–
3. Surplus/(Deficit)	**227.53**	237.49
4. Current portion of the above	**30.31**	23.75
5. Non current portion of the above	**197.22**	213.74
II. Change in the obligation during the year ended 31st March 2017		
1. Present value of defined benefit obligation at the beginning of the year	**237.49**	272.50
2. Expenses Recognised in Profit and Loss Account		
– Current Service Cost	**13.25**	12.87
– Interest Expense (Income)	**16.92**	21.81
3. Recognised in Other Comprehensive Income		
Remeasurement gains/(losses)		
– Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions	**–**	–
ii. Financial Assumptions	**5.93**	–
iii. Experience Adjustments	**5.93**	(5.79)
4. Benefit payments	**(51.99)**	(63.90)
5. Present value of defined benefit obligation at the end of the year	**227.53**	237.49
V. Actuarial assumptions		
1. Discount rate	**7.50%**	8.00%

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**	**1.00%**	**(6.00)%**	**5.00%**
	2016	1.00%	(5.40)%	4.30%
	2015	1.00%	(4.30)%	4.80%
Salary growth rate	**2017**	**1.00%**	**6.00%**	**(5.40)%**
	2016	1.00%	5.40%	(4.80)%
	2015	1.00%	5.10%	(4.60)%

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:

Particulars	2017	2016	2015
Within 1 year	**30.30**	23.75	24.36
1 – 2 year	**66.24**	79.29	100.44
2 – 3 year	**34.48**	35.57	48.50
3 – 4 year	**28.90**	31.55	33.75
4 – 5 year	**15.45**	26.11	29.77
5 – 10 years	**83.52**	82.95	87.08

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 31st March 2017 is 10.41 years (2016: 8.26 years, 2015: 8.49 years)

Experience Adjustments :

Particulars	Gratuity Period Ended				
	2017	2016	2015	2014	2013
1. Defined Benefit Obligation	**227.53**	237.49	272.50	293.04	306.54
2. Fair value of plan assets	**–**	–	–	–	–
3. Surplus/(Deficit)	**227.53**	237.49	272.50	293.04	306.54
4. Experience adjustment on plan liabilities [(Gain)/ Loss]	**11.86**	(5.79)	(2.73)	18.01	52.25
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.

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. 31 - Related Party Transactions

Analysis of Related Parties of Mahindra Gujarat Tractor Limited:

Sr.	Name of Company	Relationship	Parent
1	Mahindra & Mahindra	Ultimate Holding Company	–
2	Mahindra Holdings Limited	Holding Company	Mahindra & Mahindra
3	Mahindra Logistics Limited	Fellow Subsidary Company	Mahindra & Mahindra
4	Mahindra CIE Automotive Limited	Associates Company of Parent Company	Mahindra & Mahindra
5	Governement of Gujarat	Significant Influence over Company	–

Details of transaction between the Company and its related parties are disclosed below:

Nature of transactions with Related Parties	For the year ended	Parent Company	Entities having significant influence over Company	Other related parties
Sale of goods	**31-Mar-17**	**(74.93)**	**–**	**–**
	31-Mar-16	(166.30)	–	–
Purchase of Tractors	**31-Mar-17**	**580.61**	**–**	**–**
	31-Mar-16	1,925.62	–	–
Receiving of services	**31-Mar-17**	**226.92**	**–**	**58.11**
	31-Mar-16	166.99	–	52.74
Loans taken	**31-Mar-17**	**21.24**	**–**	**–**
	31-Mar-16	73.33	45.94	–
Purchase of Other Components	**31-Mar-17**	**1,531.40**	**–**	**314.12**
	31-Mar-16	1,336.21	–	305.81
Purchase of Assets	**31-Mar-17**	**7.43**	**–**	**–**
	31-Mar-16	1.32	–	–
Expenses Reimbursed(Receipt)	**31-Mar-17**	**(0.25)**	**–**	**–**
	31-Mar-16	(2.00)	–	–
Expenses Reimbursed(Payment)	**31-Mar-17**	**56.66**	**–**	**–**
	31-Mar-16	41.29	–	–

Nature of transactions with Related Parties	Balance as on	Parent Company	Entities having significant influence over Company	Other related parties
Trade payables	**31-Mar-17**	**1,689.80**	**–**	**2.12**
	31-Mar-16	2,472.53		8.19
Loans & advances taken	**31-Mar-17**	**–**	**–**	**–**
	31-Mar-16	942.39	766.15	–

Note No. 32 - Contingent liabilities and commitments Contingent liabilities (to the extent not provided for)

	Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April 2015
	Contingent liabilities			
1	Guarantees(Bank Guarantee)	**18.50**	13.50	12.50
2	Bills Discounted but not Matured	**239.62**	89.60	82.91

	Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April 2015
3	Outstanding Demand of Income Tax Against Company			
(i)	AY 2013-14	**24.17**	28.45	–
	Note: The O/s demand has already been reduced by the CIT Appeals. But Income Tax Authorities have further gone ahead to appeal in ITAT against the reduced demand order by CIT Appeals.			
(ii)	AY 2014-15	**66.73**	–	–
	Note: Already filed with CIT Appeals for further assessment being argieved with the disallowance of right bad debts claimed in the resp. year.			
(iii)	The demand outsating against AY 1961-62, AY 1978-79 and AY 2005-06 has been accepted and instructed Income Tax to adjust the outstanding demand against the refund due for AY 2016-17			
4	The Company is anticipating to enter into an agreement/MoU for Settlement with various non Hire Purchase Industrial Co-Operative Societies and Ancillaries within MGTL Premises, therefore may require to pay Compensation to Co-Operative Societies or its members. Amount of such Compensation is not yet quantified.			
5	The Company has entered into an agreement/MoU with Private Sector Banks and NBFCs for retail funding for providing loan to customer who buy MGTL's Tractors. The said MOU also contains a clause on loss sharing in case of default in repayment by customer or loss incurred in case of repossession of asset and its resale. Anticipated loss from these agreements/MoUs are not quantified as of now. Company is obtaining undertaking from its dealers to ensure no default in terms of these agreements.			

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	427.15	352.98
Ind AS: Adjustments increase/(decrease):		
Accrued Dividends not recognised as liability until declared	(673.96)	(631.46)
8.5% Cumulative Redeemable Preference Shares of Rs. 10 each to be identified as Current Liability	(500.00)	(500.00)
Reversal Provision for Doubtful Debts as per ECL method in Opening BS FY 2015 through P&L	–	(48.29)
Equity as reported under IND AS	(746.81)	(826.77)

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

Particulars	Year Ended 31st March 2016
Profit or Loss as per previous GAAP	74.17
Ind AS: Adjustments increase/(decrease):	
Dividend Accrued for each quarter on 8.5% Cumulative Redeemable Preference Shares of Rs. 10 each	(42.50)
Actuarial Gain/(Loss) is to be added to Employee benefit Expenses	(5.79)
Reversal Provision for Doubtful Debts as per ECL method in Opening BS FY 2015 through P&L	48.29
Total adjustment to profit or loss	**–**
Profit or Loss under Ind AS	74.17
Other comprehensive income (Actuarial Gain/(Loss))	5.79
Total comprehensive income under Ind ASs	79.96

Note:

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

The Excise Duty has been added back to Revenue from Operations and identified separately as an Expenses in Statement of Profit and Loss.

The Dealer Incentives has been deducted from Revenue from Operations and excluded as an Expenses in Statement of Profit and Loss.

Note No. 34 - Details of Specified Bank Notes

Particulars	Specified Bank Notes (SBN)	Other Denomination Bank Notes	Total
Closing cash in hand as on 08.11.2016	1.90	1.37	3.27
(+) Permitted receipts	–	0.48	0.48
(-) Permitted payments	–	1.38	1.38
(-) Amount deposited in Banks	1.90	–	1.90
(+) Amount Withdrawn from Banks	–	1.90	1.90
Closing cash in hand as on 30.12.2016	–	2.36	2.36

DIRECTORS' REPORT

Your Directors present their Report together with the audited accounts of your Company for the year ended 31st March 2017.

Financial Highlights for Mahindra USA, Inc:

	2017 US $	**2017 INR**	2016 US $	2016 INR
Income	**547,349,788**	**35,512,054,245**	504,147,958	32,709,119,515
Profit/(Loss) before tax	**6,565,131**	**425,945,699**	6,237,726	404,703,663
Profit after tax	**4,790,188**	**310,787,397**	5,339,816	346,447,262

The economy in the United States of America ('US') is positive as consumer confidence continues to increase and unemployment is at its lowest level since before the economic recession in late 2008/early 2009. The growth has been buoyed by lower commodity prices and by moderate wage growth and improvement in consumer sentiment. However extreme seasonal weather patterns continue.

During the year the industry grew by 4.9%, whereas your Company grew by 8.6%. Tractor billing grew by 8.1% from 19,322 in previous year to 20,892 in the current year. UTV billing grew by 14.3% from 2,224 in the previous year to 2,542 in the current year. Tractor retails grew by 8.7% from 17,524 in the previous year to 19,040 in the current year, whereas UTV grew 113.6% from 915 in the previous year to 1,954 in the current year. The overall market share of your company maintained at 10.2% in USA, whereas Canada market share increased from 3.7% to 5.0% in the current year.

Correspondingly, the Revenue for the financial year 2017 was at $547 million (Rs. 3,551 Crores) as compared to $504 million (Rs. 3,271 Crores) in the previous financial year. The Profit after tax for the year was $4.79 million (Rs. 31 Crores) against previous year profit after tax of $5.33 million (Rs. 34.64 Crores).

Your Company stabilized its newly introduced products in the sub compact segment US manufactured UTVs which were well received in the marketplace. Your company continued to strengthen the dealer channel, which is reflected in growth during financial year 2017. Your Company in its quest for customer delight launched the 7 years limited warranty program, a first in the Industry.

Your Company's brand familiarity improved during current year to 64% from 50% in previous year. Your Company had highest Customer as Net Promoter score (CaPS) of 71. Your Company continues to invest in multiple CSR initiatives across North America. During the year your Company expanded the CSR to Urban Ag, FarmHer, & American Agri-Women. Your Company is at third position in the US tractor sales for 0 to 120 horse power category as per Association of Equipment Manufacturers' report.

Your Company undertook several initiatives during the year in order to further cut costs and bring in efficiency and strengthen the operating margin. Your Company continues to look towards further strengthening its Dealer channel and focus on identified regional markets and Canada. Your Company also registered a subsidiary in Mexico during the year and commercial operations will start in the coming financial year 2018.

Dr. Pawan Goenka
Chairman

May 17, 2017
Mumbai, India

INDEPENDENT AUDITORS' REPORT

To the Stockholder and the Board of Directors

Mahindra USA, Inc.

We have audited the accompanying financial statements of Mahindra USA, Inc., a Texas corporation, which comprise the balance sheets as of March 31, 2017 and 2016, and the related statements of income, stockholder's equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

As discussed in Note 1 to the financial statements, the Company reports its investment in its wholly owned subsidiaries at cost. In our opinion, accounting principles generally accepted in the United States of America require that all majority-owned subsidiaries be accounted for as consolidated subsidiaries. If the financial statements of these subsidiaries had been consolidated with those of Mahindra USA, Inc., total assets and total liabilities would increase by $6,342,621 and $2,085,376 as of March 31, 2017 and 2016, respectively, revenues and expenses would have increased by $6,694,622 and $405,083, respectively, and net income would have decreased by $4,166,050 and increased by $405,083, respectively, for the years then ended.

Qualified Opinion

In our opinion, except for the effects of not consolidating majority-owned subsidiaries as discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Mahindra USA, Inc. as of March 31, 2017 and 2016, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter for Presentation of Financial Information

The presentation of financial information in Indian rupees in the financial statements is not a required part of the basic financial statements. We have verified the arithmetic accuracy of the presentation based upon an exchange rate provided by Company's management. We did not audit and do not express an opinion on such information, and our opinion is not modified with respect to this matter.

Kahanek, Franke & Associates, L.C.
Houston, Texas

May 17, 2017

BALANCE SHEETS AS OF MARCH 31, 2017 AND 2016

ASSETS	2017		2016	
	U.S. $	INR	U.S. $	INR
Current assets:				
Cash and cash equivalents	$ **318,543**	**20,667,070**	$ 368,898	23,934,102
Accounts receivable:				
Customers net	**15,520,927**	**1,006,997,744**	15,399,049	999,090,299
Related parties (note 8)	**3,402,435**	**220,749,983**	3,119,518	202,394,328
Employees	**107,641**	**6,983,748**	125,472	8,140,623
Inventories (note 3)	**184,555,995**	**11,973,992,956**	174,758,848	11,338,354,058
Deferred tax asset (note 6)	**1,946,868**	**126,312,796**	1,913,282	124,133,736
Prepaid expenses and deposits	**4,924,535**	**319,503,831**	3,678,255	238,645,184
Total current assets	**210,776,944**	**13,675,208,127**	199,363,322	12,934,692,331
Investments in wholly-owned subsidiaries	**11,348**	**736,258**	10,000	648,800
Property and equipment, net	**5,013,271**	**325,261,022**	3,984,277	258,499,892
Total assets	$ **215,801,563**	**14,001,205,407**	$ 203,357,599	13,193,841,023

LIABILITIES AND STOCKHOLDERS'S EQUITY	2017 U.S. $	2017 INR	2016 U.S. $	2016 INR
Current Liabilities:				
Accounts payable				
Related parties (note 8)	$ **62,935,884**	**4,083,280,154**	$ 57,092,450	3,704,158,156
Other	**42,199,043**	**2,737,873,910**	45,935,471	2,980,293,358
Bank overdrafts	**2,328,456**	**151,070,225**	6,315,400	409,743,152
Accrued expenses	**28,582,322**	**1,854,421,051**	22,968,608	1,490,203,287
Note payable (note 10)	**58,700,000**	**3,808,456,000**	54,500,000	3,535,960,000
Total current liabilities	**194,745,705**	**12,635,101,340**	186,811,929	12,120,357,954
Total liabilities	**194,745,705**	**12,635,101,340**	186,811,929	12,120,357,954
Stockholder's equity				
Common stock ($.25 par value; 60,000,000 shares authorized and 56,000,000 issued, changed from $.10 par with 45,000,000 issued)	**14,000,000**	**908,320,000**	14,000,000	908,320,000
Retained Earnings	**7,055,858**	**457,784,067**	2,545,670	165,163,070
Total stockholder's equity	**21,055,858**	**1,366,104,067**	16,545,670	1,073,483,070
Total liabilities and stockholder's equity	$ **215,801,563**	**14,001,205,407**	$ 203,357,599	13,193,841,023

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

STATEMENTS OF INCOME FOR THE YEARS ENDED MARCH 31, 2017 AND 2016

	2017		2016	
	U.S. $	**INR**	**U.S. $**	**INR**
Revenues:				
Sales of tractors and parts	**$ 547,349,788**	**35,512,054,245**	$ 504,147,958	32,709,119,515
Less retail sales incentives	**34,266,861**	**2,223,233,942**	31,841,135	2,065,852,839
Total revenues	**513,082,927**	**33,288,820,304**	472,306,823	30,643,266,676
Cost of sales:				
Tractors and parts	**399,627,300**	**25,927,819,224**	375,519,635	24,363,713,919
Other direct costs	**24,257,105**	**1,573,800,972**	22,188,700	1,439,602,856
Total cost of sales	**423,884,405**	**27,501,620,196**	397,708,335	25,803,316,775
Gross profit	**89,198,522**	**5,787,200,107**	74,598,488	4,839,949,901
General and administrative expenses:				
Advertising and marketing expenses	**10,766,260**	**698,514,949**	8,626,239	559,670,386
Other general and administrative expenses	**70,250,707**	**4,557,865,870**	58,942,700	3,824,202,376
Total general and administrative expenses	**81,016,967**	**5,256,380,819**	67,568,939	4,383,872,762
Income from operations	**8,181,555**	**530,819,288**	7,029,549	456,077,139
Other income (expense):				
Interest expense	**(1,666,094)**	**(108,096,179)**	(671,494)	(43,566,531)
Other income	**19,709**	**1,278,720**	44,044	2,857,575
Gain (loss) on disposal of assets	**29,961**	**1,943,870**	(164,373)	(10,664,520)
Total other income (expense), net	**(1,616,424)**	**(104,873,589)**	(791,823)	(51,373,476)
Net income before income taxes	**6,565,131**	**425,945,699**	6,237,726	404,703,663
Income tax expense (benefit):				
Current	**1,774,943**	**115,158,302**	897,910	58,256,401
Net income	**$ 4,790,188**	**310,787,397**	$ 5,339,816	346,447,262

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

STATEMENTS OF STOCKHOLDER'S EQUITY FOR THE YEARS ENDED MARCH 31, 2017 AND 2016

	U.S. $			
	Shares	**Common Stock Amount**	Retained Earnings	Total Stockholders Equity
Balance -				
March 31, 2015	45,000,000	$ 14,000,000	$ (2,794,146)	11,205,854
Net income			5,339,816	5,339,816
Balance -				
March 31, 2016	45,000,000	14,000,000	2,545,670	16,545,670
Dividend paid to parent			(280,000)	(280,000)
Net income			4,790,188	4,790,188
Balance -				
March 31, 2017	**45,000,000**	**$ 14,000,000**	**$ 7,055,858**	**21,055,858**

	INR			
	Shares	**Common Stock Amount**	Retained Earnings	Total Stockholders Equity
Balance -				
March 31, 2015	45,000,000	908,320,000	(181,284,192)	727,035,808
Net income			346,447,262	346,447,262
Balance -				
March 31, 2016	45,000,000	908,320,000	165,163,070	1,073,483,070
Dividend paid to parent			(18,166,400)	(18,166,400)
Net income			310,787,397	310,787,397
Balance -				
March 31, 2017	**45,000,000**	**908,320,000**	**457,784,067**	**1,366,104,067**

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

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED MARCH 31, 2017 AND 2016
(Increase (decrease) in cash and cash equivalents)

	2017		2016	
	U.S. $	**INR**	**U.S. $**	**INR**
Cash flows from operating activities:				
Net income	$ **4,790,188**	**310,787,397**	$ 5,339,816	346,447,262
Adjustments to reconcile net income to net cash provided by (used in) operating activities				
Depreciation and amortization	**1,010,508**	**65,561,759**	638,530	41,427,826
Deferred income tax	**(33,586)**	**(2,179,060)**	(102,384)	(6,642,674)
Gain (loss) on disposal of assets	**(20,461)**	**(1,327,510)**	164,373	10,664,520
(Increase) decrease in:				
Accounts receivable - trade	**(404,795)**	**(26,263,100)**	(2,271,187)	(147,354,613)
Accounts receivable - employees	**17,831**	**1,156,875**	(26,487)	(1,718,477)
Inventories	**(9,797,147)**	**(635,638,897)**	(47,069,921)	(3,053,896,474)
Prepaid expenses	**(1,246,280)**	**(80,858,646)**	(1,003,610)	(65,114,217)
Increase (decrease) in:				
Accounts payable	**2,107,006**	**136,702,549**	(6,887,538)	(446,863,465)
Bank overdrafts	**(3,986,944)**	**(258,672,927)**	6,315,400	409,743,152
Accrued expenses	**5,613,714**	**364,217,764**	12,339,524	800,588,317
Net cash provided by (used in) operating activities	**(1,949,966)**	**(126,513,794)**	(32,563,484)	(2,112,718,842)
Cash flows from investing activities:				
Investment in wholly-owned subsidiaries	**(1,348)**	**(87,458)**	–	–
Dividend paid to parent	**(280,000)**	**(18,166,400)**	–	–
Capital expenditures	**(2,074,541)**	**(134,596,220)**	(2,863,296)	(185,770,644)
Proceeds from sale of assets	**55,500**	**3,600,840**	28,500	1,849,080
Net cash used in investing activities	**(2,300,389)**	**(149,249,238)**	(2,834,796)	(183,921,564)
Cash flows from financing activities:				
Note payable - advances	**162,380,000**	**10,535,214,400**	177,518,124	11,517,375,885
Note payable - payments	**(158,180,000)**	**(10,262,718,400)**	(146,207,154)	(9,485,920,152)
Net cash provided by (used in) financing activities	**4,200,000**	**272,496,000**	31,310,970	2,031,455,734
Net increase in cash and cash equivalents	**(50,355)**	**(3,267,032)**	(4,087,310)	(265,184,673)
Cash and cash equivalents:				
Beginning of year	**368,898**	**23,934,102**	4,456,208	289,118,775
End of year	$ **318,543**	**20,667,070**	$ 368,898	23,934,102

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

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2017 AND 2016

NOTE 1 – THE COMPANY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company

Mahindra USA, Inc. (the "Company") ("MUSA") was incorporated June 8, 1994 in the State of Texas, and commenced business on March 15, 1995. The Company is owned by Mahindra and Mahindra, Ltd. ("M&M"). M&M is a publicly traded corporation headquartered in Mumbai, India which, among other activities, manufactures farming equipment and automobiles. The Company sells tractors, parts, attachments and accessories in North America under wholesale distribution agreements. The Company's sales are to a network of more than 525 dealer locations throughout North America.

The Company formed a wholly owned subsidiary on December 18, 2013, Mahindra North American Technical Center, Inc., ("MNATC"), to design and develop complete prototype vehicle designs and related parts to facilitate M&M's expansion in the worldwide vehicle market. Effective April 1, 2015, the assets, liabilities, and business activities of MNATC was sold to another M&M subsidiary, Mahindra Vehicle Manufacturers Limited. Subsequently in October 2015, the United States Postal Services ("USPS") issued a solicitation for development of Next Generation Delivery Vehicle ("NGDV") prototypes, and MNATC responded in February 2016. In September 2016, MNATC was selected as one of six participants to develop these vehicles. MNATC contracted with another M&M subsidiary to provide design and engineering services for the NGDV prototypes. On March 27, 2017, M&M incorporated a new subsidiary, Mahindra Automotive North America, Inc. ("MANA") to acquire and own MNATC. The board of directors of MANA met on April 13, 2017, and approved the purchase of MNATC from the Company for $10,000 which will be effective May 1, 2017. The Company owned MNATC at March 31, 2017.

The Company formed another subsidiary on August 9, 2016, Mahindra Mexico S de RL ("MML"), to assemble and sell tractors, parts, attachments, and accessories in Mexico and Latin America. MML did not have significant activity during the year ended March 31, 2017.

The Company reported its investment in MNATC and MML at cost. Accounting principles generally accepted in the United States of America require that all majority-owned subsidiaries be accounted for using consolidated financial statements.

Financial Presentation in U.S. Dollars and Indian Rupees

Financial information in this report is shown in U.S. dollars ("$") and in Indian rupees ("INR"). For both March 31, 2017 and 2016, dollar amounts are translated for convenience into Indian rupees at exchange rate of 64.88 INR per dollar which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India on March 31, 2017. Within the notes to the financial statements, Indian rupee amounts are shown parenthetically following the U.S. dollar amount.

Significant Accounting Policies

Accounting method -

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). However, as noted above, the financial results of MNATC and MML, both being wholly owned subsidiaries, are not included in these financial statements.

Use of estimates -

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Receivables -

Receivables are stated at the amount invoiced for the sale to the various dealers. There is currently an allowance for uncollectible accounts of $1,222,686 (INR 79,327,868) and $1,375,686 (INR 89,254,508) at March 31, 2017 and March 31, 2016, respectively, which management considers sufficient to cover uncollectible accounts (see Note 2 for a discussion of dealer financing arrangements).

Revenue recognition-

Revenue from the sale of tractors, parts, attachments and accessories is recognized when the ordered goods are invoiced to the dealer. Invoices are issued after credit approval and when the ordered items are ready for shipment. The Company participates in various retail incentives with its dealers. At the time a sale is recognized, the Company records an estimate of the future sales incentive costs for allowances and financing programs that will be due when a dealer sells the equipment to a retail customer. The estimate is based on historical data, announced incentive programs, field inventory levels, and retail sales volumes.

Inventories-

New tractors, parts, and accessories are stated at the lower of cost or market. Cost is determined by the moving average price.

Reclassification of Related Party Receivables and Payables-

The Company reclassified balances for March 31, 2016 for related party accounts. This reclassification did not change total amounts for net income for March 31, 2016.

Property and equipment -

Property and equipment are stated at cost. The cost of additions and improvements are capitalized and expenditures for repairs and maintenance are expensed in the period incurred. When items of property and equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss on disposition is included in the statement of income. Property and equipment is reviewed for impairment whenever events or changes in circumstances indicate the carrying value of the asset may not be recoverable. No impairment charges were recorded during the years ended March 31, 2017 and 2016.

Depreciation is provided over the useful lives of the related assets using the straight-line method for financial reporting and the modified accelerated cost recovery method for tax purposes.

Income taxes -

Income for financial reporting purposes is different than income for income tax reporting purposes due principally from timing differences relating to allowances for inventory valuation, allowance for doubtful accounts, depreciation and several expense accruals. Federal and state income tax returns for the Company are subject to examination for three years from the date of filing. Years open for examination are from March 31, 2014 to present.

Statement of cash flows -

For purposes of the statements of cash flows, the Company considers all cash accounts, money market accounts, and certificates of deposit with maturities of less than three months to be cash and cash equivalents.

Supplemental disclosure of cash flow information for the years ended March 31:

	2017		2016	
	$	**INR**	$	INR
Interest Paid	**1,666,094**	**108,096,179**	671,494	43,566,531
Taxes Paid	**1,517,649**	**98,465,067**	219,470	14,239,214

Advertising -

The Company subsidizes product advertising carried on by dealers within each dealer's local market, and conducts dealer conferences. The Company also advertises in trade magazines, at trade shows and uses various other means of promotions, including product brochures, to increase brand awareness and sale of products in the market. The Company capitalizes expenditures with extended advertising value and amortizes these costs over a period not exceeding twelve months. Expenditures without extended advertising value are expensed in the year incurred.

NOTE 2 – ACCOUNTS RECEIVABLE – CUSTOMERS

The Company's customers are the retail dealers authorized to sell Mahindra tractors. During the year ending March 31, 2017 and for the current fiscal year, the Company offered varying discounts for payments. There are various marketing programs throughout the year, including programs that offer all dealers interest free financing for varying number of days after date of purchase. The Company has also arranged for dealers to finance tractors purchased through commercial lenders who then remit payment directly to the Company.

NOTE 3 – INVENTORIES

Inventories were comprised of the following at March 31:

	2017		2016	
	$	**INR**	$	INR
Tractors	$ **146,863,518**	**9,528,505,048**	$ 136,722,259	8,870,540,164
Parts Accessories and other	**37,692,477**	**2,445,487,908**	38,036,589	2,467,813,894
	$ **184,555,995**	**11,973,992,956**	$ 174,758,848	11,338,354,058

NOTE 4 – ACCRUED EXPENSES

Expenses accrued for the years ending March 31, 2017 and March 31, 2016 include advertising, marketing program costs, retail rate buy-downs, cash discounts, state franchise taxes, payroll and payroll taxes, employee bonuses, salesmen and customer bonuses, legal fees, property taxes, insurance deductibles, and warranty reserves. The Company participates in various retail incentives with its dealers, and has accrued for the costs of these programs in effect as of the date of these financial statements.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment is comprised of the following at March 31:

	Est. Useful Life	**2017**		2016	
		$	**INR**	$	INR
Machinery & equip.	7 yrs	**$ 1,701,257**	**110,377,554**	$ 939,569	60,959,237
Office furniture & equip.	5-7 yrs	**3,895,437**	**252,735,952**	3,151,507	204,469,774
Leasehold improvements	9 yrs	**3,165,454**	**205,374,656**	2,674,275	173,506,962
Vehicles	5 yrs	**375,434**	**24,358,158**	511,471	33,184,239
		9,137,582	**592,846,320**	7,276,822	472,120,212
Less-accumulated depreciation		**4,124,311**	**267,585,298**	3,292,545	213,620,320
		$ 5,013,271	**325,261,022**	$ 3,984,277	258,499,892

Depreciation expense was $1,010,508 (INR 65,561,759) and $638,530 (INR 41,427,826) for the years ended March 31, 2017 and 2016, respectively.

NOTE 6 – INCOME TAXES

The components of the provision income tax benefit for federal income taxes is as follows for the period ended March 31:

	2017		2016	
	$	**INR**	$	INR
Current income tax expense	**$ 1,808,529**	**117,337,362**	$ 1,000,294	64,899,075
Deferred income tax (benefit)	**(33,586)**	**(2,179,060)**	(102,384)	(6,642,674)
Total income tax expense	**$ 1,774,943**	**115,158,302**	$ 897,910	58,256,401

The company calculates income tax benefit based upon the maximum federal income tax rate of 34%.

The Company fully utilized previous loss carry forwards at March 31, 2016. The deferred tax asset recognized at March 31, 2017 and 2016 in the amounts of $1,946,868 (INR 126,312,796), and $1,913,282 (INR 124,133,736), respectively, represent future deferred tax deductions for various expenses, including slow moving inventory, warranty reserves, and allowance for uncollectible accounts receivable.

NOTE 7 – EMPLOYEE BENEFIT PLANS

The Company adopted a 401(k) retirement plan effective April 1, 1998. All of the Company's employees who are at least 21 years of age are eligible upon the first enrollment date (January 1 or July 1) after their hire date to participate in a 401(k) profit sharing plan (the "Plan"). Eligible employees may make contributions up to 12% of their compensation. The Plan provides for matching contributions by the Company in an amount equal to the employee contributions. Employer matching contributions were up to 3% of eligible contributions through December 31, 2014, and the percentage increased to a maximum of 4% contribution on January 1, 2015. Employee contributions and employer matching contributions are invested in mutual funds. The Company's contributions for the years ended March 31, 2017 and 2016 were $174,892 (INR 11,346,993) and $153,355 (INR 9,949,672), respectively.

NOTE 8 – RELATED PARTY TRANSACTIONS

The Company purchases tractors and parts from related parties, including M&M and Mitsubishi Mahindra Agricultural Machinery, on an open accounts, which is paid when due. Accounts payable are net of amounts the Company has paid for warranty claims and legal fees. The Company has the following payables.

	March 31, 2017		March 31, 2016	
	$	**INR**	$	INR
Mahindra and Mahindra, Ltd.	**$ 43,706,686**	**2,835,689,788**	27,129,167	1,760,140,355
Mitsubishi Mahindra Agricultural Machinery	**18,998,202**	**1,232,603,346**	29,523,615	1,915,492,141
Mahindra and Mahindra, Head Office	**200,716**	**13,022,454**	439,668	28,525,660
Mahindra Tractor Assembly, Inc.	**30,280**	**1,964,566**	0	0
	$ 62,935,884	**4,083,280,154**	57,092,450	3,704,158,156

In addition, the Company conducts business and records transactions with related parties for goods and services. As a result, the Company has the following receivables.

	March 31, 2017		March 31, 2016	
	$	**INR**	$	INR
Mahindra and Mahindra, Ltd.	**2,333,540**	**151,400,076**	2,926,376	189,863,275
Mahindra Mexico S de RL de CV	**663,492**	**43,047,361**	0	0
Mahindra and Mahindra Financial Services, Ltd.	**19,974**	**1,295,913**	27,962	1,814,175
Mahindra and Mahindra, Ltd. Auto Sector	**126,006**	**8,175,269**	124,900	8,103,512
Mahindra and Mahindra, Ltd. - Australia	**259,423**	**16,831,364**	40,280	2,613,366
	3,402,435	**220,749,983**	3,119,518	202,394,328

The Company's purchases of tractors and parts from M&M and Mitsubishi Mahindra Agricultural Machinery for the years ended March 31, 2017 and 2016 were $161,133,366 (INR 10,454,332,786) and $137,337,854 (INR 8,910,479,968), respectively.

NOTE 9 – CASH BALANCES IN EXCESS OF INSURED LIMITS

During the fiscal years ending March 31, 2017 and March 31, 2016, the Company maintained cash balances in excess of insured limits. Cash balances did not exceed the insured limit at March 31, 2017 and March 31, 2016.

NOTE 10 – NOTES PAYABLE

At March 31, 2017 and 2016, the Company has an available credit facility in the form of a revolving note in the amount of $60,000,000 (INR 3,892,800,000) with Bank of America. This note bears interest at Libor plus 1.75%. Additionally, the Company entered into another credit facility in the form of a revolving note in the amount of $20,000,000 (INR 1,297,600,000) with JP Morgan Chase in January of 2015 with the same terms. At March 31, 2017, the outstanding loan balances were $42,500,000 (INR 2,757,400,000) with Bank of America, and $16,200,000 (INR 1,051,056,000) with JP Morgan Chase resulting in a total of $58,700,000 (INR 3,808,456,000). At March 31, 2016, the outstanding loan balance was $37,250,000 (INR 2,416,780,000) with Bank of America and $17,250,000 (INR 1,119,180,000) with JP Morgan Chase resulting in a total of $54,500,000 (INR 3,535,960,000). The Bank of America credit facility matures on March 31, 2019. The JP Morgan Chase credit facility matures on January 26, 2018.

Bank of America issued an irrevocable standby letter of credit for $9,500,000 (INR 616,360,000) payable to Mahindra Finance USA LLC and an unrelated organization offering financing to the Company's dealers.

NOTE 11 – LEASES

The Company entered into a lease covering a 130 month period for an office and warehouse on August 11, 2011. Additional warehouse space was subsequently leased. Total rent expense for all operating leases for 2017 and 2016 were $1,554,916 (INR 100,882,950) and $1,513,260 (INR 98,180,309), respectively.

The Company entered into a master lease agreement for their vehicle fleet.

Future minimum lease payments under the non-cancelable operating leases with initial or remaining terms of one year or more are as follows:

March 31	$	INR
2018	$ 1,527,904	99,130,412
2019	1,330,179	86,302,013
2020	1,190,653	77,249,567
2021	1,134,273	73,591,632
2022	1,168,693	75,824,802
Thereafter	4,458,161	289,245,486
Total	$ 10,809,863	701,343,912

NOTE 12 – ASSEMBLY AND SERVICE AGREEMENT

The Company has entered into agreements with dealerships in Chattanooga, TN, Bloomsburg, PA, Lyons, KS, Olivehurst, CA, and Adstock, Quebec (collectively the "Assemblers") for the final assembly of tractors imported from various manufacturers overseas, including M&M. These agreements stipulate that the Assemblers are to assemble the tractors in accordance with procedures provided by the Company so that the tractors are ready for sale to dealers. The Assemblers are required to employ qualified personnel to perform the duties required by the Company. The Assemblers store inventory owned by the Company in a secure location. The Assemblers are paid based on a piecemeal basis at various rates depending on the respective model and related accessories. These rates are reviewed and negotiated at regular intervals.

NOTE 13 – CONTINGENT LIABILITY

The State of Texas conducted an audit of the Company's franchise tax returns for the years of 2008 through 2011. The results of the audit were issued in April 2013, and additional taxes were assessed. The Company requested judicial review of the findings noted by the State of Texas, and the State prevailed. The Company disagrees with the results of the audit, and intends to vigorously challenge the amounts assessed. As of the date of these financial statements, the deficiency and amount due is estimated to be approximately $652,000 (INR 42,301,760) including assessment of penalty and interest. An appropriate accrual has been provided for in the March 31, 2017 financial statements.

The Company is involved in various proceedings which are considered ordinary litigation incident to its business. In management's opinion, none of the current litigation will have a materially adverse effect on the Company's financial position.

NOTE 14 – DIVIDEND TO PARENT

The Company's Board of Directors declared a dividend of $560,000 (INR 36,332,800) on April 25, 2017 payable to M&M to be paid in June 2017.

NOTE 15 – DATE OF MANAGEMENT'S REVIEW

The Company's management reviewed and evaluated subsequent events through May 17, 2017, the date the financial statements were available to be issued, and no events have occurred subsequent to the balance sheets dated March 31, 2017 and 2016 that would require adjustments to, or disclosure in, the financial statements.

DIRECTORS' REPORT

To the Members,

Your Directors present their First Report together with the Audited Financial Statements of your Company for the period ended 31st March, 2017.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

Particulars	Rs. in Lakhs For the period ended 31st March, 2017
Gross Income	**83.39**
Profit/(Loss) Before Interest and Depreciation	**(610.65)**
Finance Charges	**–**
Gross Profit/(Loss)	**(610.65)**
Provision for Depreciation	**14.21**
Net Profit/(Loss) Before Tax	**(624.86)**
Provision for Tax	**–**
Net Profit/(Loss) After Tax	**(624.46)**
Balance of Profit brought forward	**(624.46)**
Balance available for appropriation	**(624.46)**
Proposed Dividend on Equity Shares	**–**
Tax on proposed Dividend	**–**
Transfer to General Reserve	**–**
Surplus/(Deficit) carried to Balance Sheet	**(624.46)**
Net Worth	**325.14**

No material changes and commitments have occurred after the closure of year under review till the date of this Report which would affect the financial position of the Company.

OPERATIONS

Your Company was incorporated to launch an organized farm equipment rental business through a franchisee based model and effectively started operations in October 2016. Currently your Company has a presence in Karnataka, Maharashtra, Gujarat, Madhya Pradesh and is expanding to other states in India.

DIVIDEND

Your Directors do not recommend any dividend for the period ended 31st March, 2017.

SHARE CAPITAL

The Company was incorporated on 23rd May 2016 with an Authorised share capital of Rs. 1 crore divided into 10 lakhs equity shares of Rs. 10/- each and paid-up capital of Rs. 5 lakhs divided into 50,000 Equity shares of Rs. 10/- each.

During the period under review, the Authorised share capital of the Company was increased to Rs. 12 crores (Rupees Twelve Crores Only) divided into 120 lakhs (One Hundred and Twenty Lakhs) equity shares of Rs. 10/- each. The Company has also issued and allotted 94.5 lakhs (Ninety Four lakhs and Fifty Thousand) Equity shares of Rs. 10/- at par aggregating to Rs. 9.45 crores (Rupees Nine Crores and Forty Five Lakhs Only) to Mahindra and Mahindra Limited on rights basis.

BOARD OF DIRECTORS

SR. NO.	NAME OF DIRECTOR & DIN	DESIGNATION	CATEGORY	
1.	MR. RAJESH JEJURIKAR (DIN: 00046823)	Chairman	Non Executive	Non Independent
2.	MR. JASPREET BINDRA (DIN: 03506482)	Director	Non Executive	Non Independent
3.	MR. NIKHIL MADGAVKAR (DIN: 05163088)	Director	Non Executive	Non Independent

Mr. Rajesh Jejurikar (DIN: 00046823), Mr. Jaspreet Bindra (DIN: 03506482) and Mr. Nikhil Madgavkar (DIN: 05163088) were appointed as first Directors of the Company with effect from 23rd May, 2016. In accordance with provisions of the Companies Act, 2013 all the Directors retire at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for reappointment.

The Company has also received respective Notices from a Member under section 160 of the Companies Act, 2013, signifying the intention to propose Mr. Rajesh Jejurikar, Mr. Jaspreet Bindra and Mr. Nikhil Madgavkar as candidates for the office of Director.

The Company has received consent to act as a Director from them pursuant to section 152(5) and rule 8 of Companies (Appointment and Qualification of Directors) Rules, 2014.

The Board of Directors recommends their appointment at the ensuing Annual General Meeting of the Company.

BOARD MEETINGS

The Board of Directors met four times during the period 8th June, 2016, 27th July, 2016, 9th November, 2016 and 1st 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 THE DIRECTOR	NO. OF MEETINGS ATTENDED
Mr. Rajesh Jejurikar	4
Mr. Jaspreet Bindra	3
Mr. Nikhil Madgavkar	3

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 134 (3) (c) of the Companies Act, 2013, your Directors based on the representation received from the Operating Management and after due enquiry, confirm that:

(a) in the preparation of the annual accounts, the applicable accounting standards 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 period ended of 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 identified to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

RISK MANAGEMENT POLICY

The Board has formulated a Risk Management Policy for the Company which identifies elements of risk, if any, which may threaten the existence of the Company. Implementation of the Risk Management Policy is expected to be helpful in managing the risks associated with the business of the Company.

KEY MANAGERIAL PERSONNEL

Pursuant to provisions of Section 2(51) and Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014,your Company has appointed the following Key Managerial Personnel of the Company during the period under review:

1. Mr. Arvind Kumar as Chief Executive Officer with effect from 9th November, 2016
2. Mr. Gaurav Juwatkar as Company Secretary with effect from 9th November, 2016
3. Mr. Nikhil Pai as Chief Financial Officer with effect from 1st March, 2017.

AUDITORS

M/s. B. K. Khare & Co, Chartered Accountants (Firm Registration No. 105102W), were appointed as First Auditors of the Company until the conclusion of the first Annual General Meeting. They have given their consent for appointment. They being found eligible, offer themselves for appointment for a period of 5 years.

The Board of Directors have approved and recommended the appointment of M/s. B. K. Khare & Co, Chartered Accountants (Firm Registration No. 105102W) as statutory Auditors for a period of 5 years i.e. from the conclusion of the first Annual General Meeting of the Company until the conclusion of the sixth Annual General Meeting of the Company and fix their remuneration.

As required by the provisions of Section 139 read with Section 141 of the Companies Act, 2013, the Company has received a written consent and certificate from M/s. B. K. Khare & Co; Chartered Accountants, to the effect that their appointment, if made, would be in conformity with the conditions and criteria specified in the said sections.

The Members are requested to appoint Auditors and fix their remuneration.

The Auditors Report does not contain any qualification, reservation or adverse remark.

REPORTING OF FRAUDS

During the period 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 is given as an **Annexure I** to this Report.

PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES AND INVESTMENTS

Your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

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

Your Company has neither given any loans, guarantee or provided any security in connection with a loan nor made any investments covered under the provisions of Section 186 of the Companies Act, 2013 during the period under review.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

All the contracts/arrangements/transactions entered, during the year under review, with related parties referred to in sub section 1 of Section 188 of Companies Act, 2013, and Rules made thereunder, were carried out in ordinary course of business and at arm's length.

Particulars of material contracts or arrangements or transactions with related parties, required to be furnished in terms of Section 134 of Companies Act, 2013 are furnished in form AOC – 2 as Annexure II and the same forms part of this Report.

EXTRACT OF ANNUAL RETURN:

Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return in Form MGT 9 is provided as Annexure III which forms part of this Annual Report.

INTERNAL CONTROLS

Your Company has implemented a proper system of internal control with reference to financial statements and monitoring procedures, commensurate with the size, scale and complexity of its operations. The Operating Management of the Company regularly conducts reviews to assess the adequacy of financial and operating controls for the businesses of the Company. The Company has set up a process whereby significant issues, if any shall be reported to the Board of Directors of the Company.

THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

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

CORPORATE SOCIAL RESPONSIBILITY(CSR)

Provisions relating to CSR enumerated under section 135 of the Companies Act, 2013 are not applicable to your Company and accordingly, your Company does not have a CSR policy.

GENERAL DISCLOSURES

Your Directors state that no disclosure or reporting is required in respect of the following items as they were not applicable to your Company during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Details relating to deposits covered under Chapter V of the Companies Act, 2013.
3. Issue of Shares (Including Sweat Equity Shares) to employees of the Company under any Scheme. There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.
4. Disclosure of remuneration of employees under Section 197(12) of the Companies Act, 2013 read with Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, since your Company is an unlisted Company.
5. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.

ACKNOWLEDGEMENTS

The Directors take this opportunity to place on record their sincere appreciation for the valuable contribution by employees of the Company at all levels. The Directors also appreciate the cooperation given by Customers, Suppliers and Government authorities.

For and on behalf of the Board

Rajesh Jejurikar
Chairman

Mumbai, 8th May, 2017

ANNEXURE I 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 PERIOD 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, however adequate measures are taken to contain and bring saving in power consumption through better house-keeping and awareness programs.

(ii) the steps taken by the Company for utilizing alternate sources of energy: Not applicable

(iii) the capital investment on energy conservation equipment: Nil

(B) Technology absorption:

(i) the efforts made towards technology absorption: None

(ii) the benefits derived like product improvement, cost reduction, product development or import substitution: Not applicable

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year: Not applicable

(iv) the expenditure incurred on Research and Development: Nil

(C) Foreign 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

Rajesh Jejurikar
Chairman

Mumbai, 8th May, 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 (the Act) including certain arm's length transactions under third proviso thereto

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

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

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

Sr. No.	Nature of contracts/ transactions/ arrangements	Name of the related party	Nature of relationship	Duration of contracts/ arrangements/ transactions	Salient terms of contracts or arrangements or transactions including the value, if any. (Rs. in Lacs)	Date of approval by the Board if any	Amount paid as advances if any
1.	Deputation of employee (full time), Canteen exp, IT & Reimbursement of Expenses	Mahindra and Mahindra Limited	Holding Company	23rd May 2016 to 31st March 2017	439.46	Not Applicable	NIL
2,	Used Vehicles	Mahindra Two Wheelers Limited	Fellow subsidiary Company	March 2017	12.23	Not Applicable	NIL
3,	Software AMC	Tech Mahindra Growth Factory	Associate of Holding Company	1st September, 2016 to 31st March 2017	32.10	Not Applicable	NIL

Note: for the purpose of materiality, the following criteria have been considered.

- 10% of turnover of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for sale, purchase, or supply of any goods or materials.
- 10% of net worth of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for selling or otherwise disposing of or buying property of any kind.
- 10% of the net worth of the Company or 10 % of turnover of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for leasing of property of any kind.
- 10% of turnover of the Company or Rs. fifty crores, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for rendering of services.

For and on behalf of the Board

Rajesh Jejurikar
Chairman

Mumbai, 8th May, 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:-**	U01409MH2016PLC281449
ii)	**Registration Date**	23/05/2016
iii)	**Name of the Company**	TRRINGO.COM LIMITED
iv)	**Category/Sub-Category of the Company**	Company Limited By Shares (Non-Government Company)
v)	**Address of the Registered office and contact details**	Mahindra Towers, Pandurang Budhkar Marg, Nr. Doordarshan Kendra, Worli, Mumbai-400018, Maharashtra.
vi)	**Whether listed Company (Yes/No)**	No
vii)	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	NSDL Database Mangement Limited 4th Floor A wing Trade World, Kamala Mills Compound Senapati Bapat Marg. Lower Parel, Mumbai- 400013. Tel No. 022-49142700 Fax: 022 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.	Renting and operational leasing of agricultural and forestry machinery and equipment	77302	**100%**

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1	Mahindra and Mahindra Ltd. Gateway Building, Apollo Bunder, Mumbai 400 001	L65990MH1945PLC004558	Holding Company	100%	2(46)

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

(i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year (23/05/2016)				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.	–	50000*	50000*	100	-	9500000*	9500000*	100	–
e) Bank/FI	–	–	–	–	–	–	–	–	–
f) Any Other...	–	–	–	–	–	–	–	–	–
Sub-total (A)(1):-	**–**	**50000***	**50000***	**100**	**–**	**9500000***	**9500000***	**100**	**–**

Category of Shareholders	No. of Shares held at the beginning of the year (23/05/2016)				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) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Bank/FI	–	–	–	–	–	–	–	–	–
e) Any Other...	–	–	–	–	–	–	–	–	–
Sub-Total (A)(2)	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	–	**50000***	**50000***	**100**	–	**9500000***	**9500000***	**100**	–
B. Public Shareholding									
1. Institutions	–	–	–	–	–	–	–	–	–
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Bank/FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital	–	–	–	–	–	–	–	–	–
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	–	–	–	–	–	–	–	–	–
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)	–	–	**50000***	**100**	–	**9500000***	**9500000***	**100**	–

* Includes 6 shares held jointly with Mahindra & Mahindra Limited to comply with the statutory provisions of the Companies Act with regard to minimum number of members.

(ii) Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (23/05/2016)			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	49994	100	–	9499994	100	–	–
2.	Mahindra and Mahindra Limited jointly with Mr. Jaspreet Bindra**	1	0	–	1	0	–	–
3.	Mahindra and Mahindra Limited jointly with Mr. V. S. Parthasarthy**	1	0	–	1	0	–	–
4.	Mahindra and Mahindra Limited jointly with Mr. S. Durgashankar**	1	0	–	1	0	–	–
5.	Mahindra and Mahindra Limited jointly with Mr. K. Chandasekar**	1	0	–	1	0	–	–
6.	Mahindra and Mahindra Limited jointly with Mr. Rajesh Jejurikar**	1	0	–	1	0	–	–
7.	Mahindra and Mahindra Limited jointly with Mr. Nikhil Madgavkar**	1	0	–	1	0	–	–
	TOTAL	**50000**	**100**	**–**	**9500000**	**100**	**–**	**–**

** Jointly held with Mahindra & Mahindra Limited to comply with the statutory provisions of the Companies Act with regards 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 (23/05/2016)		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 and Mahindra Limited				
	At the beginning of the year	50000*	100	–	–
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc): Increase- Allotment of 94,50,000 equity shares under Rights Issue on 28th September, 2016	9450000*	–	9500000*	100
	At the end of the year	–	–	9500000*	100

* Includes 6 shares held jointly with Mahindra and Mahindra Limited to comply with the statutory provisions of Companies Act with regard to minimum number of members.

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

Sr. No.		Shareholding at the beginning of the year (23/05/2016)		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
1	NIL	–	–	–	–

(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 (23/05/2016)		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. Rajesh Jejurikar	1#	–	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):	No Change	No Change	No Change	No Change
	At the end of the year	1#	–	1#	–
2.	Mr. Jaspreet Bindra	1#	–	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):	No Change	No Change	No Change	No Change
	At the end of the year	1#	–	1#	–
3.	Mr. Nikhil Madgavkar	1#	–	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):	No Change	No Change	No Change	No Change
	At the end of the year	1#	–	1#	–

#held jointly with Mahindra and Mahindra Limited

V. INDEBTEDNESS

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

PARTICULARS	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
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	NIL	NIL	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: Not Applicable

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, Contribution to PF	–	–	–	–	–	–
	Total (A)	–	–	–	–	–	–
	Ceiling as per the Act	–	–	–	–	–	–

B. Remuneration of other Directors: NIL

Particulars of Remuneration	Name of Directors			Total Amount
	Mr. Rajesh Jejurikar (Director)	Mr. Jaspreet Bindra (Director)	Mr. Nikhil Madgavkar (Director)	
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	–	–	–	–
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			Total Amount (in Rs.)
		Mr. Arvind Kumar (Chief Executive Officer) w.e.f. 9th November, 2016	Mr. Nikhil Pai (Chief Financial Officer) w.e.f. 1st March, 2017	Mr. Gaurav Juwatkar (Company Secretary) w.e.f. 9th November, 2016	
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: Contribution to PF	–	–	–	–
	Others	23,97,698	75,277	21,000	24,93,975
	Total (C)	**23,97,698**	**75,277**	**21,000**	**24,93,975**

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

Rajesh Jejurikar
Chairman

Mumbai, 8th May, 2017

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
TRRINGO.COM LIMITED

Report on the Ind AS Financial Statements

1. We have audited the accompanying Ind AS financial statements of **Trringo. Com Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS 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 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.

4. The Company's management is responsible for establishing and maintaining internal financial controls. 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

5. 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.

6. 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.

7. 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.

8. An audit involves performing procedures to obtain audit evidence about the amounts and 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 exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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.

9. 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 and the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

10. 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

    (a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(b) 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

(c) 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

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 of the state of affairs of the Company as at March 31, 2017, and its loss 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, 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.

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 appears from our examination of those books;

   c) the Balance Sheet, the Statement of Profit and Loss 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 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) In our opinion considering nature of business, size of operation and organizational 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 on 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 included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended) in our opinion and to our best of our information and according to the explanations given to us:

      i. The Company does not have any pending litigations which would impact its financial position.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

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

      iv. The Company has provided requisite disclosures in its 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

Place: Mumbai
Date: 8th May, 2017

ANNEXURE "A" TO THE AUDITOR'S REPORT

Referred to in paragraph 13 of our report of even date on the accounts of Members of Trringo.Com 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 own any immovable property and hence the provisions of para 3(i)(c) of the Order are not applicable to the Company.

2) The Company does not have inventory as on March 31, 2017. Accordingly the provisions of para 3(ii) of the Order are not applicable to the Company.

3) The Company has not granted any loans, secured or unsecured to companies, firms 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 neither made any investments in nor granted any loans or provided any guarantees or security during the year. Accordingly the provisions of para 3(iv) of the Order are not applicable to the Company.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of section 73 to 76 of the Companies Act, 2013, and the rules framed thereunder. Hence the provisions of para 3(v) of the Order are not applicable to the Company.

6) As informed to us, the maintenance of cost records has not been prescribed by the Central Government under section 148(1) of the Companies Act, 2013, in respect of the activities carried on by the Company. Accordingly the provisions of para 3(vi) of the Order are not applicable to the Company.

7) i) According to the records of the Company, the Company is regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax and other statutory dues applicable to it. 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.

   ii) According to the information and explanations given to us, there are no amounts of the nature referred to clause 7(i) which have not been deposited with the relevant authority on account of any dispute.

8) According to the records of the Company examined by us and information and explanations given to us, the Company does not have loans or borrowings and the Company has not raised any money via debentures.

9) The Company has not raised any money by way of initial public offer or further public offer. According to the information and explanations given to us and to the best of our knowledge and belief, the term loans were applied for the purposes for which those are raised.

10) Based on the audit procedures performed and as per the information and explanations given to us by management, no fraud on or by the Company has been noticed or reported during the year.

11) The provisions of section 197 read with Schedule V to the Companies Act, 2013 relating to managerial remuneration are not applicable to the Company. Accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

12) The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.

13) According to the information and explanations given to us all transactions with related parties during the year are in compliance with sections 177 and 188 of Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence provisions of para 3(xiv) of the Order are not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence provisions of para 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare and Co.**
Chartered Accountants
Firm Registration No.: 105102W

Padmini Khare Kaicker
Partner
Membership No.: 044784

Place: Mumbai
Date: 8th May, 2017

BALANCE SHEET AS AT 31ST MARCH, 2017

			Rupees in Lakhs
	Particulars	**Note No.**	**As at 31st March 2017**
I	**ASSETS**		
1	**NON-CURRENT ASSETS**		
	(a) Property, Plant and Equipment	**2**	**11.79**
	(b) Other Intangible Assets	**3**	**46.20**
	(c) Financial Assets		**–**
	(d) Income tax Assets (Net)	**7**	**2.20**
	SUB-TOTAL		**60.19**
2	**CURRENT ASSETS**		
	(a) Financial Assets		
	(i) Trade Receivables	**4**	**8.81**
	(ii) Cash and Cash Equivalents	**8**	**390.63**
	(iii) Loans	**5**	**7.75**
	(iv) Other Financial Assets	**5**	**0.03**
	(b) Current Tax Assets (Net)	**6**	**–**
	(c) Other Current Assets	**7**	**64.44**
	SUB-TOTAL		**471.66**
	TOTAL ASSETS		**531.85**
II	**EQUITY AND LIABILITIES**		
1	**EQUITY**		
	(a) Equity Share Capital	**9**	**950.00**
	(b) Other Equity	**SOCE - B**	**(624.86)**
	SUB-TOTAL		**325.14**
	LIABILITIES		
2	**NON-CURRENT LIABILITIES**		
	(a) Provisions	**12**	**11.87**
	SUB-TOTAL		**11.87**
3	**CURRENT LIABILITIES**		
	(a) Financial Liabilities		
	(i) Trade Payables	**10**	**184.46**
	(ii) Other Financial Liabilities	**11**	**0.17**
	(b) Other Current Liabilities	**13**	**10.21**
	SUB-TOTAL		**194.85**
	TOTAL		**531.85**

The accompanying notes 1 to 23 are an integral part of the Financial Statements
In terms of our report attached.

For **B. K. Khare & Co**
Chartered Accountants
FRN: 105102W

Padmini Khare Kaicker
Partner
Membership No. 44784

Place : Mumbai
Date : 8th May, 2017

Rajesh Jejurikar
Chairman

Nikhil Madgavkar
Director

Gaurav Juwatkar
Company Secretary

Place : Mumbai
Date : 3rd May, 2017

Nikhil Pai
Chief Financial Officer

Place : Mumbai
Date : 8th May, 2017

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

	Particulars	Note No.	Rupees in Lakhs Period ended 31st March, 2017
Continuing Operations			
I	Revenue from operations	**14**	**61.34**
II	Other Income	**15**	**22.05**
III	**Total Revenue (I + II)**		**83.39**
IV	**EXPENSES**		
	(a) Employee benefit expense	**16**	**222.92**
	(b) Depreciation and amortisation expense	**2, 3**	**14.21**
	(c) Other expenses	**17**	**471.12**
	Total Expenses (IV)		**708.25**
V	**Profit/(loss) before tax (III - IV)**		**(624.86)**
VI	**Tax Expense**		
	(1) Current tax		**–**
	(2) Deferred tax		**–**
	Total tax expense		**–**
VII	**Profit/(loss) after tax for the period (V - VI)**		**(624.86)**
VIII	**Other comprehensive income**		**–**
IX	**Total comprehensive income for the period**		**(624.86)**
X	**Earnings per equity share:**	**18**	
	(1) Basic		**(11.26)**
	(2) Diluted		**(11.26)**

The accompanying notes 1 to 23 are an integral part of the Financial Statements
In terms of our report attached.

For **B. K. Khare & Co**
Chartered Accountants
FRN: 105102W

Padmini Khare Kaicker
Partner
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Place : Mumbai
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Chief Financial Officer

Place : Mumbai
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STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31ST MARCH, 2017

	Particulars	Note No.	Rupees in Lakhs Period ended 31st March, 2017
A	**Cash flows from operating activities**		
	Profit before tax for the year	PL	(624.86)
	Adjustments for:		
	Investment income recognised in profit or loss		(22.05)
	Depreciation and amortisation of non-current assets	3 & 4	14.21
			(632.70)
	Movements in working capital:		
	Increase in trade and other receivables		(16.56)
	(Increase)/decrease in other assets		(64.47)
	Decrease in trade and other payables		206.72
	Income taxes paid		(2.20)
	Net cash generated by operating activities		(509.22)
B	**Cash flows from investing activities**		
	Payments for property, plant and equipment		(12.83)
	Payments for intangible assets		(59.37)
	Net cash (used in)/generated by investing activities		(72.20)
C	**Cash flows from financing activities**		
	Proceeds from issue of equity instruments of the Company		950.00
	Interest Received		22.05
	Net cash used in financing activities		972.05
	Net increase in cash and cash equivalents		390.63
	Cash and cash equivalents at the beginning of the year		–
	Cash and cash equivalents at the end of the year		390.63

The accompanying notes 1 to 23 are an integral part of the Financial Statements
In terms of our report attached.

For **B. K. Khare & Co**
Chartered Accountants
FRN: 105102W

Padmini Khare Kaicker
Partner
Membership No. 44784

Place : Mumbai
Date : 8th May, 2017

Rajesh Jejurikar
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Company Secretary

Place : Mumbai
Date : 3rd May, 2017

Nikhil Pai
Chief Financial Officer

Place : Mumbai
Date : 8th May, 2017

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

A. Equity share capital

Particulars	No of Shares	Rupees in Lakhs
Balance as at opening of the year	–	–
Changes in equity share capital during the year	95,00,000	950.00
Balance as at 31st March, 2017	**95,00,000**	**950.00**

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. Repayment of capital on liquidation will be in proportion to the number of equity shares held.

Details of shares held by each shareholder including Holding Company, holding more than 5% of the aggregate shares in the company

	As at 31st March, 2017	
	Shares No.	**Amount ` in Lakhs**
Holding Company (100%)		
Mahindra and Mahindra Limited		
Equity	**95,00,000**	**950.00**

B. Other Equity

` in Lakhs

	Reserves & Surplus		
Particulars	**Securities Premium Reserve**	**Retained Earnings**	**Total**
Balance as at opening of the year	–	–	–
Profit/(Loss) for the period	–	(624.86)	(624.86)
Other Comprehensive Income/(Loss)	–	–	–
Total Comprehensive Income for the year	–	(624.86)	(624.86)
Balance as at 31st March, 2017	**–**	**(624.86)**	**(624.86)**

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

Corporate Information

Trringo.com Limited is a 100 % subsidiary of Mahindra and Mahindra Limited and incorporated on 23rd May, 2016 under the provisions of the Companies Act, 2013 (CIN:U01409MH2016PLC281449). The Company is in the business of organized farm equipment rentals through a franchisee based model.

1. Significant accounting policies

1.1 Statement of compliance

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

1.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis,presented in Indian rupees and rounded off to nearest lacs.

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.

1.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Sale of Services

Revenue from the rental services is recognised when the service is delivered and completed, all the following conditions are satisfied:

- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the services rendered;
- 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.

1.4 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.

1.5 Employee benefits

1.5.1 Retirement benefit costs and termination benefits

Payments 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. Re-measurement 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. 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
- re-measurement

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.

1.5.2 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 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.

1.6 Taxation

Deferred tax assets and liabilities are recognised for future tax consequences attributable to the timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent periods and are measured using tax rates enacted or substantively enacted as at the Balance Sheet date. Deferred Tax assets are not recognised unless, in the management judgment, there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The carrying amount of Deferred Tax is reviewed at each Balance Sheet date.

1.7 Property, plant and equipment

Furniture & Fixtures, equipment and Vehicles are stated at cost less accumulated depreciation and accumulated impairment losses.

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.

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

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.

1.8 Intangible assets

1.8.1 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.

1.8.2 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.

1.8.3 Useful lives of intangible assets

Estimated useful lives of the intangible assets are as follows:

IT Software	3 years

1.9 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).

1.10 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.

1.11 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

1.11.1 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 and 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).

1.11.2 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.

1.12 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

1.12.1 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.

1.12.2 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

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

2. 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.

Note No. 2 – Property, Plant and Equipment

Rupees in Lakhs

Description of Assets	Vehicles	Office Equipment	Total
I. Gross Carrying Amount			
Balance as at opening of the year	–	–	–
Additions during the year	12.23	0.60	12.83
Disposals during the year	–	–	–
Balance as at 31st March, 2017	**12.23**	**0.60**	**12.83**
II. Accumulated depreciation			
Balance as at opening of the year	–	–	–
Depreciation expense for the year	0.81	0.23	1.04
Eliminated on disposal of assets	–	–	–
Balance as at 31st March, 2017	**0.81**	**0.23**	**1.04**
III. Net carrying amount (I-II)	**11.42**	**0.37**	**11.79**

Note No. 3 – Other Intangible Assets

Rupees in Lakhs

Description of Assets	Computer Software	Total
Intangible Assets		
Cost		
Balance as at opening of the year	–	–
Additions during the year	59.37	59.37
Balance as at 31st March, 2017	**59.37**	**59.37**
II. Accumulated amortisation expense		
Balance as at opening of the year	–	–
Amortisation expenses for the year	13.17	13.17
Balance as at 31st March, 2017	**13.17**	**13.17**
III. Net carrying amount (I-II)	**46.20**	**46.20**

Note No. 4 – Trade receivables

` in Lakhs

Particulars	**As at 31st March, 2017 Current**	**Non-Current**
Trade receivables		
(a) Secured, considered good	–	–
(b) Unsecured, considered good	**8.81**	–
(c) Doubtful	–	–
Less: Allowance for Credit Losses	–	–
TOTAL TRADE RECEIVABLES	**8.81**	–
Of the above, trade receivables from:		
– Related Parties	–	–
– Others	**8.81**	–
Total	**8.81**	–

Note No. 5 – Loans and Other financial assets

` in Lakhs

Particulars	**As at 31st March, 2017 Current**	**Non-Current**
Financial assets at FVTPL		
a) Security Deposit	**7.75**	–
b) Other Financial assets		
– Accrued Interest	**0.03**	–
TOTAL OTHER FINANCIAL ASSETS	**7.78**	–

Note No. 6 – Current Tax and Deferred Tax

` in Lakhs

Particulars	**Period ended 31st March, 2017**
Tax Deducted at Source	–
TOTAL	–

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 certain that future taxable profit will be available against which the Company can use the benefit therefrom.

` in Lakhs

Particulars	**As at 31st March, 2017**
Unused Tax losses (revenue in nature)	**38.31**
Total	**38.31**

Note No. 7 – Income Tax Assets (Net) and Other assets

` in Lakhs

Particulars	**As at 31st March, 2017 Current**	**Non-Current**
(a) Advances other than capital advances		
(i) Balances with government authorities	**45.65**	–
(ii) Other advances		
Advance to supplier	**15.54**	–
Prepaid Expenses	**3.25**	–
Income Tax Assets (Net)	–	**2.20**
TOTAL OTHER ASSETS	**64.44**	**2.20**

Note No. 8 – Cash and Cash Equivalent

` in Lakhs

Particulars	**As at 31st March, 2017**
(a) Balances with banks	**22.31**
(b) Cash on hand	–
Total Cash & Bank Balances	**22.31**
Other Bank Balances	
(a) Balances with Banks:	
(i) Fixed Deposits with maturity less than 3 months	**368.32**
Total Other Bank balances	**368.32**
TOTAL CASH AND CASH EQUIVALENT	**390.63**

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

Company does not have any cash deposits during period starting from 8th November, 2016 to 31st December, 2016

Note No. 9 – Equity Share Capital

Particulars	As at 31st March, 2017 No. of shares
Authorised:	
Equity shares of ` 10 each with voting rights	**1,20,00,000**
Issued, Subscribed and Fully Paid:	
Equity shares of ` 10 each with voting rights	95,00,000
Total	**95,00,000**

(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			
Period ended 31st March, 2017			
No. of Shares	–	95,00,000	95,00,000
Amount in Lakhs	–	950	950

(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	% holding in that class of shares
Equity shares with voting rights		
Mahindra and Mahindra Limited	**95,00,000**	**100%**

Note No. 10 – Trade Payables

` in Lakhs

Particulars	As at 31st March, 2017 Current	Non-Current
Trade payable – Micro and small enterprises	**–**	**–**
Trade payable – Other than micro and small enterprises	**184.46**	**–**
TOTAL TRADE PAYABLES	**184.46**	**–**

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

Note No. 11 – Other financial liabilities

` in Lakhs

Particulars	As at 31st March, 2017 Current	Non-Current
a) Other Financial liabilities		
Others	**0.17**	**–**
TOTAL OTHER FINANCIAL LIABILITIES	**0.17**	**–**

Note No. 12 – Provisions

` in Lakhs

Particulars	As at 31st March, 2017 Current	Non-Current
Provision for employee benefits		
Leave Encashment	**–**	**4.80**
Gratuity	**–**	**7.06**
TOTAL PROVISIONS	**–**	**11.87**

Note No. 13 – Other Liabilities

` in Lakhs

Particulars	As at 31st March, 2017 Current	Non-Current
a. Advances received from customers	**0.09**	**–**
b. Statutory dues		
– Taxes payable (other than income taxes)	**(0.16)**	**–**
– Employee Recoveries and Employer Contributions	**0.38**	**–**
– Others (TDS Liability)	**9.90**	**–**
TOTAL OTHER LIABILITIES	**10.21**	**–**

Note No. 14 – Revenue from Operations

` in Lakhs

Particulars	For the Period ended 31st March, 2017
Revenue from rendering of services	**61.34**
TOTAL REVENUE FROM OPERATIONS	**61.34**

Note No. 15 – Other Income

` in Lakhs

Particulars	For the Period ended 31st March, 2017
Interest Income from Fixed Deposits	**22.05**
TOTAL OTHER INCOME	**22.05**

Note No. 16 – Employee Benefit Expense

` in Lakhs

Particulars	For the Period ended 31st March, 2017
(a) Salaries and wages, including bonus	**213.09**
(b) Contribution to provident and other funds	**3.44**
(c) Staff welfare expenses	**6.39**
TOTAL EMPLOYEE BENEFIT EXPENSE	**222.92**

Note No. 17 – Other Expenses

` in Lakhs

Particulars	For the Period ended 31st March, 2017
(a) Rent paid	**8.28**
(b) Advertisement	**151.01**
(c) Repairs and maintenance - Others	**0.20**
(d) Sales promotion expenses	**64.50**
(e) Travelling and Conveyance Expenses	**35.52**
(f) Hire and Service Charges	**119.90**
(g) Auditors remuneration and out-of-pocket expenses	**1.50**
(i) As Auditors	**1.00**
(ii) For Taxation matters	**0.50**
(h) Legal and other professional costs	**43.95**
(i) Call Center expenses	**29.21**
(J) Other expenses - (Note 17a)	**17.05**
TOTAL OTHER EXPENSES	**471.12**

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

Note No. 17a – Other Expenses – Others

` in Lakhs

Particulars		For the Period ended 31st March, 2017
(a)	Software Charges	**4.84**
(b)	Printing and stationery	**2.47**
(c)	Postage and Stamps	**1.35**
(d)	Telephone Expenses	**3.28**
(e)	Gen & Misc Exp	**5.11**
TOTAL OTHER EXPENSES		**17.05**

Note No. 18 – Earnings per Share

Particulars	For the Period ended 31st March, 2017
	` per Share
Basic Earnings per share	
From continuing operations	**(11.26)**
Diluted Earnings per share	
From continuing operations	**(11.26)**

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 Period ended 31st March, 2017
Profit/(loss) for the year attributable to owners of the Company (` Lakhs)	**(624.86)**
Less: Preference dividend and tax thereon	**–**
Profit/(loss) for the year used in the calculation of basic earnings per share	**(624.86)**
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	**(624.86)**
Weighted average number of equity shares	**5,550,000**
Earnings per share from continuing operations - Basic & Diluted	**(11.26)**

Note No. 19 – 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
Equity	**950.00**
Less: Cash and cash equivalents	**390.63**
	559.37

Categories of financial assets and financial liabilities

As at 31st March, 2017 ` in Lakhs

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Other Financial Assets	–	–	–	–
Current Assets				
Trade Receivables	8.81	–	–	8.81
Loans	7.75	–	–	7.75
Other Bank Balances	390.63	–	–	390.63
Other Financial Assets	0.03	–	–	0.03
Current Liabilities				
Trade Payables	184.46	–	–	184.46
Other Financial Liabilities	0.17	–	–	0.17

Note No. 20 – Fair Value Measurement

Fair Valuation Techniques and Inputs used – recurring Items

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.

` in Lakhs

Financial assets	Carrying Value	Fair value*	Fair value hierarchy as at 31st March, 2017 Level 1	Level 2	Level 3	Total
Financial assets carried at Amortised Cost						
– trade and other receivables	**8.81**	**8.81**		**8.81**		**8.81**
– deposits and similar assets	**7.78**	**7.78**		**7.78**		**7.78**
– others	**64.44**	**64.44**		**64.44**		**64.44**
Total	**81.03**	**81.03**	**–**	**81.03**	**–**	**81.03**
Financial liabilities						
Financial Instruments not carried at Fair Value						
– trade and other payables	**184.64**	**184.64**		**184.64**		**184.64**
– other liabilities	**10.21**	**10.21**		**10.21**		**10.21**
Total	**194.85**	**194.85**	**–**	**194.85**	**–**	**194.85**

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

Note No. 21 – Employee benefits

(a) Defined Contribution Plan

The Company's contribution to Provident Fund aggregating ` 1,10,394/- has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

(b) Defined Benefit Plans:

Gratuity

The Company has an obligation towards gratuity, a defined retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment. Vesting occurs upon completion of five years of service. The company accounts for liability of future gratuity benefits based on an internal valuation for assessing the liability as at each balance sheet date.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation as at 31st March, 2017
Discount rate(s)	**7.47%**
Expected rate(s) of salary increase	**10.00%**

Defined benefit plans – as per actuarial valuation on 31st March, 2017

Particulars		**Unfunded Plans Gratuity 2017**
Ia.	**Expense recognised in the Statement of Profit and Loss for the Period ended 31st March:**	
	Service Cost	
	Current Service Cost	**1,87,412**
	Past service cost and (gains)/losses from settlements	**–**
	Net interest expense	**–**
	Components of defined benefit costs recognised in profit or loss	**1,87,412**
	Total	**1,87,412**
I.	**Net Asset/(Liability) recognised in the Balance Sheet as at 31st March**	
	1. Present value of unfunded defined benefit obligation as at 31st March	**7,06,331**
	2. Fair value of plan assets as at 31st March	**–**
	3. Surplus/(Deficit)	**–**
	4. Current portion of the above	**–**
	5. Non current portion of the above	**7,06,331**
II.	**Change in the obligation during the Period 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(Transfer of Employee)	**5,18,919**
	3. Expenses Recognised in Profit and Loss Account	
	– Current Service Cost	**1,87,412**
	– Past Service Cost	
	– Interest Expense (Income)	**–**
	Present value of defined benefit obligation at the end of the year	**7,06,331**
iii.	**Actuarial assumptions**	
	1. Discount rate	**7.47%**
	2. Expected rate of return on plan assets	**0.00%**
	3. Attrition rate	**10.00%**

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. 22 – Related Party Transactions

Name of the Parent Company	Mahindra & Mahindra Limited
Name of the Fellow Subsidiary Company	Mahindra Integrated Business Solutions Limited
	Mahindra Two Wheelers Limited
Name of the Associate of Holding Company	Tech Mahindra Growth Factory
Name of KMP of the Company	Mr Arvind Kumar (Chief Executive Officer)
	Mr Nikhil Pai (Chief Financial Officer)

Details of transaction between the Company and its related parties are disclosed below:

` in Lakhs

Particulars	**For the year ended**	**Parent Company**	**Fellow Subsidiaries**	**Associate of Holding Company**
Nature of transactions with Related Parties				
Purchase of property and other assets	31-Mar-17	–	12.23	–
Lease expenses	31-Mar-17	3.91	3.49	–
Receiving of services	31-Mar-17	208.19	0.41	32.10
Settlement of liabilities by the Company on behalf of related parties	31-Mar-17	227.37	–	–
Equity contribution by the Company	31-Mar-17	950.00	–	–

Nature of Balances with Related Parties	**Balance as on**	**Parent Company**	**Fellow Subsidiaries**	**Associate of Holding Company**
Trade payables	31-Mar-17	109.59	12.54	13.46

Note No. 23 – Additional Information to the Financial Statements

Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars		**31st March, 2017 ` in Lakhs**
(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	**–**

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.

The accompanying notes 1 to 23 are an integral part of the Financial Statements

In terms of our report attached.

For **B. K. Khare & Co**
Chartered Accountants
FRN: 105102W

Padmini Khare Kaicker
Partner
Membership No. 44784

Place : Mumbai
Date : 8th May, 2017

Rajesh Jejurikar
Chairman

Gaurav Juwatkar
Company Secretary

Place : Mumbai
Date : 3rd May, 2017

Nikhil Pai
Chief Financial Officer

Place : Mumbai
Date : 8th May, 2017

Nikhil Madgavkar
Director

DIRECTORS' REPORT

Your Directors present their Report together with the audited accounts of your Company for the period ended 31st March 2017.

Financial Highlights:

	2017 MXN	2017 INR
Income	–	–
Profit/(Loss) before tax	**(4,733,138)**	**(16,376,658)**
Profit after tax	**(3,853,236)**	**(13,332,196)**

Mexico is 11th largest economy in terms of purchase power parity. Economic growth has been slightly sluggish however it is expected to accelerate to 3.5% in 2017. Major reforms in energy, financial, labour and educational sectors is expected to have a positive impact on growth. While economy is expected to grow by 3.5%, agricultural machinery industry expects growth of 6.5%. Mexico has 13% of land under cultivation with 14% of work force in agricultural sector.

Mahindra & Mahindra Limited, India manufactures tractors suitable to Mexico market requirement. To explore business in Mexico the company was formed on August 8, 2016. Statutory registration, product testing and tractor assembly agreement were completed by 31st March, 2017. The dealer financial support eco system was also set up by the same date. The Company also participated in various farm shows, prospect dealers and customer for business in Mexico.

Your company has placed tractor orders with Mahindra & Mahindra Limited and expects to start sale of products through various dealers during Fiscal year 2018.

Mr. Mani Iyer
Chairman

12th May, 2017
Houston, United States of America

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders´ Meeting of MAHINDRA MÉXICO, S. DE R.L. DE C. V. (A 99% WHOLLY OWNED SUBSIDIARY OF MAHINDRA USA INC.)

Report on the Audit of the pre-operating stage financial statements.

Opinion.

We have audited the pre-operating stage financial statements of Mahindra México, S. de R. L. de C. V., (the Company), which comprise the pre-operating stage statement of financial position as at March 31, 2017, and the pre-operating stage statement of comprehensive income, pre-operating stage statement of changes in shareholders deficit and statement of cash flows for the pre-operating stage period from August 8, 2016 (incorporation date), to March 31, 2017 and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying pre-operating stage financial statements present fairly, in all material respects, the financial position of **MAHINDRA MÉXICO, S. DE R.L. DE C. V.**, as at March 31, 2017, and its financial performance and its cash flows for the period from August 8, 2016 (incorporation date), to March 31, 2017 then ended in accordance with Mexican Financial Reporting Standards (MFRSs).

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 pre-operating stage 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 ethical requirements that are relevant to our audit of the financial statements in Mexico 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 the financial statements in accordance with MFRSs 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 pre-operating stage 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 including 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 pre-operating stage 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.

A further description of our responsibilities for the audit of the pre-operating stage financial statements is included in Appendix I of this auditor's report. Such description, forms part of our Independent auditor's report.

Other Matters.

As addressed in the pre-operating stage financial statements as of March 31, 2017 and for the period from August 8, 2016 (incorporation date) to March 31, 2017 and has not fulfill the main activities for which it has been stablished, therefore is considered a pre-operating stage company.

For consolidation purposes and for the convenience of the users in India a convenient translation of the financial statements as of March 31, 2017 and for the period from August 8, 2016 to March 31, 2017 has been performed. A convenient translation is used for practical purposes when an entity displays its financial statements or other financial information in a currency that is different from either its functional currency or its presentation currency simply by translating all amounts at end-of-period exchange rates. A result of making a convenience translation is that the resulting financial information does not comply with all Generally Accepted Accounting Principles. Amounts in Mexican pesos may not represent its current value in Indian rupees.

WITT RGA CONSULTORES, S.C.

Carlos E. Garcia Zamarripa

May 12, 2017,

Mexico City, Mexico.

APPENDIX I

Further description of Auditor's Responsibilities for the Audit of the Pre-Operating Stage 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 pre-operating stage 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.
- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

WITT RGA CONSULTORES, S.C.

Carlos E. Garcia Zamarripa

May 12, 2017,
Mexico City, Mexico.

PRE-OPERATING STAGE STATEMENT OF FINANCIAL POSITION
AS OF MARCH 31, 2017

(In Mexican pesos / In Indian rupees INR)

	Note				
Assets					
Current assets					
Cash and cash equivalents		$	25,000	INR	86,500
Inventory	(5)		10,216,486		35,349,042
Recoverable Value Added Tax			538,806		1,864,268
Total current assets			10,780,292		37,299,810
Non-current assets					
Deferred income asset tax	(8)		879,902		3,044,462
Total Assets		$	11,660,194	INR	40,344,272
Liabilities					
Current liabilities					
Suppliers	(6)	$	3,100,459	INR	10,727,586
Due to related parties	(7)		12,382,763		42,844,361
Other payables			5,208		18,021
Total liabilities		$	15,488,430	INR	53,589,968
Stockholders' deficit					
Common stock	(9)	$	10,000	INR	34,600
Contribution for future capital increase	(9)		15,000		51,900
Net loss for the pre-operating stage period			(3,853,236)		(13,332,196)
Total Stockholders' equity			(3,828,236)		(13,245,696)
Total liabilities and Stockholders' deficit		$	11,660,194	INR	40,344,272

See notes to the pre-operating stage financial statements.

PRE-OPERATING STAGE STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM AUGUST 8, 2016 (INCORPORATION DATE), TO MARCH 31, 2017

	Note	(In Mexican pesos / In Indian rupees INR)	
Expenses:			
Administrative expenses		$ (4,742,661)	INR (16,409,607)
		(4,742,661)	(16,409,607)
Integral result financing			
Foreign exchange gain, net		9,523	32,949
		9,523	32,949
Loss for the pre-operating stage period – before income taxes		(4,733,138)	(16,376,658)
Income taxes- Deferred income asset tax		879,902	3,044,462
Net loss for the pre-operating stage period		$ (3,853,236)	INR (13,332,196)

See notes to the pre-operating stage financial statements.

PRE-OPERATING STAGE STATEMENT OF CHANGES IN STOCKHOLDERS' DEFICIT FOR THE PERIOD FROM AUGUST 8, 2016 (BEGINNING OF OPERATIONS), TO MARCH 31, 2017

(In Mexican pesos / In Indian rupees INR)

	Common Stock	Contribution for future capital increase	Loss for the pre-operating stage the period	Stockholder´s Deficit
Balances as of August 1, 2016 - date of constitution	$ –	$	$ –	$ –
Initial shareholders contribution (Note 9)	10,000			10,000
Contribution for future capital increase		15,000		15,000
Net loss for the pre-operating stage period			(3,853,236)	(3,853,236)
Balances as of December 31, 2016	$ 10,000	$ 15,000	$ (3,853,236)	$ (3,828,236)

	Common Stock	Contribution for future capital increase	Loss for the pre-operating stage the period	Stockholder´s Deficit
Balances as of August 1, 2016 - date of constitution	INR –	INR	INR –	INR –
Initial shareholders contribution (Note 9)	34,600			34,600
Contribution for future capital increase		51,900		51,900
Net loss for the pre-operating stage period			(13,332,196)	(13,332,196)
Balances as of December 31, 2016	INR 34,600	INR 51,900	INR (13,332,196)	INR (13,245,696)

See notes to the pre-operating stage financial statements.

PRE-OPERATING STATEMENT OF CASH FLOWS
FOR THE PERIOD PRE-OPERATING FROM AUGUST 8, 2016 (INCORPORATION DATE), TO MARCH 31, 2017

	(In Mexican pesos $ / In Indian rupees INR)			
CASH FLOWS FROM OPERATING ACTIVITIES:				
Income before income taxes	$	(4,733,138)	INR	(16,376,658)
(Increase) decrease in:				
Inventory		(10,216,486)		(35,349,042)
Recoverable VAT		(538,806)		(1,864,268)
Increase (decrease) in:				
Suppliers		3,100,459		10,727,586
Due to Related Parties		12,382,763		42,844,361
Other payables		5,208		18,021
		–		–
Net cash used in operating activities		–		–
FINANCING ACTIVITIES:				
Initial shareholders contribution		10,000		34,600
Contribution for future capital increase		15,000		51,900
Increase in cash and cash equivalents		25,000		86,500
Cash at the beginning of the period		–		–
Cash at the end of the period	$	25,000	INR	86,500

See notes to the pre-operating stage financial statements.

NOTES TO THE PRE-OPERATING STAGE FINANCIAL STATEMENTS FOR THE PRE-OPERATING STAGE PERIOD FROM AUGUST 8, 2016 (INCORPORATION DATE), TO MARCH 31, 2017

These pre-operating stage *financial statements have been translated from the Spanish language original and for the convenience of foreign/English-speaking readers.*

NOTE 1.- ACTIVITY OF THE COMPANY

Mahindra México, S. de R.L. de C. V., (the Company) was incorporated on August 8, 2016 in accordance with Mexican law by public deed number 128,847 in México City, the Company `s activities, among others activities, distribution, purchase and sale of all types of tractors, tools for transverse vehicles, as well as accessories and components.

As of March 31, 2017 and for the pre-operating stage period from August 8, 2016 (incorporation date) to March 31, 2017 the Company was incorporated on August 8, 2016, and has not fulfill the main activities for which it has been stablished, therefore is considered a pre-operating stage company.

Mahindra México, S. de R.L. de C. V., is a 99% wholly owned subsidiary of Mahindra USA Inc. a company incorporated in the USA.

NOTE 2.- BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

a) The Company prepares the financial statements in accordance with the Mexican Financial Reporting Standards (NIF for its acronym in Spanish), which are mandatory for all for-profit entities. These financial reporting standards are issued by the Mexican Council of Financial Information Standards, A.C. (CINIF for its acronym in Spanish).

b) Monetary unit of the financial statements - Financial statements and notes as of March 31, (beginning of operations period), were determined and presented in Mexican pesos of distinct purchasing power.

c) The accumulated inflation of the three previous years at March 31, 2016, has been less than 26%, so in accordance with the Mexican Financial Reporting Standards, corresponds to a non-inflationary economic environment. In both years and consequently, the effects of inflation are not recognized in the financial statements.

d) Statement of comprehensive income the Company presents this financial statement by grouping the expenses by function, because that is the practice of the sector in which the Entity operates. In addition to the provisions of the NIF B-3, the line item “Operating profit”, as the Entity considers that it is a relevant fact for the users of its financial information.

e) Statement of cash flows the Company prepares this financial statement using the indirect method, the operating activities cash flows are determined based on utility or loss before tax income; This amount increased or decreased by the effects of the items associated with investment activities, financing activities and changes that have occurred in the period related to the working capital.

f) The functional currency of the Company is the dollar (USD) since their main transactions are agreed and carried out in such currency, however, by the fact of which the Company operates in Mexico, the currency of recording and reporting for legal and tax purposes is the Mexican peso, by which, in accordance with the NIF B-15 and the interpretation “INIF-15”, the financial statements and accompanying notes have been prepared in Mexican pesos without prior conversion to the functional currency.

g) For consolidation purposes and the for convenience of the users in India a convenience translation of the financial statements as of March 31, 2017 and for the period from August 8, 2016 to March 31, 2017 has been performed. A convenience translation is used for practical purposes when an entity displays its financial statements or other financial information in a currency that is different from either its functional currency or its presentation currency simply by translating all amounts at end-of-period exchange rates. A result of making a convenience translation is that the resulting financial information does not comply with all Generally Accepted Accounting Principles. Amounts in Mexican pesos may not represent its current value in Indian rupees.

h) The issuance of the financial statements was approved by Ms. Hetal Shah, Director, on May 12, 2017.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed by the Company in the preparation of these pre-operating stage financial statements, are in accordance with the NIF, and are as follows:

a) Cash and cash equivalents

Cash in banking accounts in Mexican pesos are expressed at their nominal value. The amounts of cash equivalents denominated in foreign currency and short term investments are expressed at their fair value.

b) Accounts receivable and income recognition

Sale of goods.- The Company recognizes enforceable rights derived from sale and the transfer of the risks and benefits of products, which regularly happens to the delivery or shipment them to customers or related parties.

Revenue and receivables are recorded net of estimates for returns and doubtful accounts, respectively.

c) Inventories (Note 5) and cost of sales

Inventories are stated at lower of cost and net realizable value. Cost is comprised of acquisition cost, import duties, transport, handling and storage cost. Cost of inventories (tractors) are determinate by using the identified cost method.

d) Accruals

Accruals are determined and recorded when the Company has a present obligation as a result of a past event, which is likely to result in the outflow of economic resources and which can reasonably be estimated

e) Income Taxes

Income Tax (ISR for its acronym in Spanish) is recorded in the results of the year in which it is caused.

f) Prepaid expenses

Prepaid expenses mainly includes advances for the purchase of services that are received after the date of the statement of financial position and in the ordinary course of operations.

g) Foreign currency transactions

Foreign currency transactions are recorded at the exchange rate at the date on which they are carried out. Foreign currency denominated assets and liabilities are stated in local currency at the current exchange rate at the closing date. Foreign exchange differences resulting from exchange rate fluctuations between the dates on which transactions are carried out and the dates on which they are liquidated or valued at the balance sheet date are charged as income of the year.

NOTE 4. FOREIGN CURRENCY POSITION

As of March 31, 2017, the exchange rate was $18.71 Mexican Pesos per USD dollar (INR 3.46 per Mexican pesos).

As of May 11, 2017, the date of issuance of these audited financial statements, the exchange rate is $18.96 Pesos per USD dollar (INR 3.42 per Mexican pesos).

The figures shown below are expressed in US dollar (USD), as the foreign currency of predominant use for the Company:

Liabilities				
Due to Related parties	USD	(645,925)	INR	(41,907,614)
Suppliers		(4,646)		(301,432)
Monetary positions, Net	USD	(650,571)	INR	(42,209,046)

The figures for significant transactions are summarized below in foreign currency:

Purchase of tractors	USD	545,751	INR	35,408,325

In accordance of his experience, the Company administration does not consider it necessary to set up any reserve.

NOTE 5. INVENTORY

As of March 31, 2017 is as follows:

Tractors Mahindra	$	8,870,250	INR	30,691,065
Utility vehicles		913,391		3,160,333
Spare parts		432,845		1,497,644
	$	10,216,486	INR	35,349,042

The Company's Management considers that, as of the date of this report, it is not necessary to create a reserve for obsolete or slow moving inventory.

The tractors are located in three Mexican locations: Guanajuato, Sinaloa and Aguascalientes. Tractors were used for product validation for local crops, conditions and on loan to farmers in different areas to accumulate hours under normal farming conditions in Mexico. The tractors are now in the process of being stored on site or shipped to the Mahindra assembly plant location.

NOTE 6. SUPPLIERS

As of March 31, 2017 is as follows:

National Suppliers				
Tramites Logisticos Mundiales S. de R.L. de C.V.	$	2,741,871	INR	9,486,871
RSM Bogarin y Cía., S.C.		73,175		253,186
Hera International Group-		52,079		180,193
Expo Servicios de Sinaloa. SA de CV		50,808		175,796
Loredo Hill Alvares, S.C.		49,019		169,606
Other national suppliers		46,585		161,184
		3,013,537		10,426,836
Suppliers in foreign currency				
Towers Watson Consultores México		32,594		112,775
Goldstein & Wallman		54,328		187,975
	$	3,100,459	INR	10,727,586

The main suppliers correspond to service providers.

NOTE 7. DUE TO RELATED PARTIES

As of March 31, 2017, the Company had balances (pay for) with related parties, for $ (12,382,763) (INR 42,844,361). The following is information on the balances (payable) as of March 31, 2017:

Due to related parties:

Legal expenses	$	(1,378,690)	INR	(4,770,268)
Marketing expenses		(319,645)		(1,105,972)
Sales of Tractors		(2,124,314)		(7,350,126)
Payables		(8,337,741)		(28,848,584)
Other		(222,373)		(769,411)
	$	(12,382,763)	INR	(42,844,361)

In order to facilitate the Company operations, has established a "Reimbursement agreement" with Mahindra USA Inc. (MUSA) is established. Reimbursement agreement was made to facilitate the operations of the Company, on occasions which arise and which may be difficult to predict, it may be necessary or expeditious for MUSA to make financial expenditures on behalf of the Company.

On presentation by MUSA of a claim in this regard, presented with appropriate supporting documents, the Company has to pay such claim within 90 days of receipt of such claim. This transaction will not cause interest. Contracts between related parties are controlled from the Company's Corporate. Quotas between related parties are negotiated at the corporate level.

NOTE 8. INCOME TAXES

Among the accounting and tax criteria there are items that affect the real rate of income tax for the year in relation to the rate that tax provisions are setting (30% 2017 and 2016). The main differences between tax and accounting results are mainly due to different treatment of the effects of inflation for accounting and tax purposes, to the difference between the tax and book depreciation purposes. A conciliation of the legal Income Tax rate and the effective income tax rate is shown below:

Tax benefit – NOL for the pre-operating stage period	$(4,733,138)	INR	(16,376,658)
Plus (less)			
Annual adjustment for inflation	190,500		659,130
Non-deductible expenses and other	1,609,630		5,569,320
Net NOL for the pre-operating stage period	(2,933,008)		(10,148,208)
	30%		30%
Deferred income asset tax	$(879,902)	INR	(3,044,462)

NOTE 9. COMMON STOCK AND CONTRIBUTION FOR FUTURE CAPITAL INCREASE

The subscribed and paid-in capital stock is composed of a fixed minimum portion of $10,000 (INR34,600) (figure nominal), and is represented by 2 social parts: one with a total value of $ 9,900, representing ninety-nine percent of the minimum fixed capital and the other social part representing the fixed capital with total value of $100 (INR 346), representing one per cent of the minimum fixed capital.

In accordance with the shareholders resolution dated March 15, 2017 it was agreed to contribute $15,000 (INR 51,900) in cash for contribution for future capital increase which is presented as part of shareholders equity.

NOTE 10. NEW ACCOUNTING PRONOUNCEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

Improvements to NIF 2016:

The Mexican Council of Financial Information Standards (CINIF) , promulgated the following improvements to the applicable NIF applicable for the year 2016:

SECTION I - Improvements to NIF that generate accounting changes.

- NIF C-1, Cash and cash equivalents and NIF B-2, statement of cash flows modifications to definitions of cash, cash equivalents and highly liquid financial instruments. Valuation of cash and cash equivalents.
- NIF B-10, Effects of inflation, and Bulletin C-9, liabilities, provisions, assets and liabilities commitments and contingencies, modification of the definition of financial instruments available for sale, modification of the criteria for the classification of financial instruments held to maturity, incorporation of the term "transaction costs," effects on valuation of financial instruments, reversal of the impairment loss on financial instruments classified as held-to-maturity.

SECTION II. Improvements to NIF that do not generate accounting changes.

- Several NIF. Homologation of the definition of fair value NIF C-3, Accounts receivable. Precisions within reach of the norm.

The Company believes that these provisions had no material effect on the presentation of its financial statements and disclosures in the explanatory notes.

NOTE 11. NEW ACCOUNTING PRONOUNCEMENTS OF 2016 AND SUBSEQUENT YEARS

As of December 31, 2016, the CINIF has promulgated the following NIF that could have an impact in the financial statements of the Entity:

a. With effect from January 1, 2017, the following changes have been made in the mprovements to NIF:

Improvements to NIFs that generate accounting changes.

NIF B-13, Events subsequent to the date of the financial statements

NIF B-6, Statement of financial position

NIF C-11, Share capital

NIF D-3, Employee Benefits

Improvements to NIFs that do not generate accounting changes.

NIF C-3, Accounts Receivable

b. With effect from January 1, 2018, the following NIF:

NIF C-3, Accounts receivable

NIF C-9, Liabilities, provisions, contingent assets, liabilities and commitments

NIF D-1, Revenue from contracts with customers

NIF D-2, Costs for contracts with customers

At the date of issuance of these financial statements, the Entity is in the process of determining the effects of these new standards on its financial information.

The Company believes that these provisions will not have material effects on the presentation of its financial statements and disclosures in the explanatory notes.

The accompanying notes are part of these financial statements.

DIRECTORS' REPORT

Your Directors present their Report together with the audited accounts of your Company for the period ended 31st March 2017.

Financial Highlights for Mahindra do Brazil Industrial Ltda:

	2017 R $ '000	2017 INR '000
Income	3,464	71,809
Profit/(Loss) before tax	(3,879)	(80,412)
Profit after tax	(2,948)	(61,112)

A gradually improving business environment, higher commodity prices and an improved global backdrop should allow the economy to exit the worst recession. Agricultural industry was always an important component of Brazil economy. Government support purchase of tractors under various programs.

Your company was constituted in January 2016 and started operational activities in October 2016 by acquiring the tractor operation located in the city of Dois Irmãos – Rio Grande Do Sul. Acquisition was to improve the foot print of Mahindra Tractors in Latin America with much more concentrated efforts.

During the year, your Company participated in various farm shows with Mahindra Tractors to prospect targeted consumers and dealers. Your company currently has 14 dealers and plan to increase the dealers to 20 by Fiscal year 2017 - 2018. Your Company sold 53 tractors during the year earning a revenue of BRL 3.46 mn (INR 7.2 Crores).

Your Company is committed to growing its brand presence in Brazil and in the neighboring countries and is taking steps in that direction in Fiscal 2018.

Mr. Mani Iyer
Chairman

April 28, 2017

United states of America

INDEPENDENT AUDITORS' REPORT

Dear Sirs. Director
Mahindra do Brasil Industrial Ltda.
Dois Irmãos – RS – Brazil

Opinion

We have audited the individual financial statements of **Mahindra do Brasil Industrial Ltda.**, which comprise the balance sheet as of March 31, 2017 and the related income statements, statements of changes in stockholders' equity and cash flows for the year then ended, as well as the summary of significant accounting practices and other explanatory notes.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Mahindra do Brasil Industrial Ltda**. on March 31, 2017, the performance of its operations and its cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

Basis for opinion

Our audit was conducted in accordance with Brazilian and international auditing standards. Our responsibilities, in accordance with such standards, are described in the following section entitled "Auditor's Responsibilities for the Audit of Financial Statements." We are independent of the Company, in accordance with the relevant ethical principles set forth in the Professional Code of Ethics of the Accountant and the professional standards issued by the Federal Accounting Council, and we comply with the other ethical responsibilities in accordance with these standards. We believe that the audit evidence we have obtained is sufficient and appropriate to substantiate our opinion.

Emphasis

As mentioned in note nº 20, on march 31, 2017 the Company has deferred tax credits arising from equity valuation, income tax loss carry forwards and negative social contribution bases in the amount of IRN 79,250 thousand (Indian Rupees) and R$ 3.823 thousand (Brazilian Currency), which, according to studies prepared by management, it is estimated that Will be recovered within a period of up to 10 years, based on the improvement of the Company's operating and financial margin indicators to be conducted by management. The realization of these credits depends on the fulfillment of these projections and, at this moment, we can't affirm that the balances of these assets recorded in the financial statements as of march 31, 2017 will be realized by the totals presented, as they depend on the success and monitoring of the realization plan Developed by the Administration. The accounting practices establish that the maintenance of this asset depends, among other aspects, on the generation of future taxable profits for the offset of these credits. The financial statements do not include any adjustments relating to the realization and classification of asset values or to the amounts and classification of liabilities that would be required in case of failure of the measures currently in progress by management. Our opinion has no qualifications related to this matter.

Another matters

We would like to point out that the Company started operations in October 2016, which is why it is not presenting the financial statements in a comparative manner.

Management and governance responsibilities of the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting practices adopted in Brazil and for the internal controls that it has determined to be necessary to enable the preparation of financial statements free of material misstatement, whether caused by fraud or error.

In preparing the financial statements, management is responsible for evaluating the Company's ability to continue operating, disclosing, when applicable, matters related to its operational continuity and the use of this accounting basis in the preparation of the financial statements, unless Management intends to liquidate the Company or cease its operations, or has no realistic alternative to avoid closing the operations.

Those responsible for the governance of the Company are those responsible for supervising the process of preparing the financial statements.

Responsibilities of the auditor for the audit of the financial statements

Our objectives are to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error, and issue an audit report containing our opinion. Reasonable security is a high level of security, but not a guarantee that the audit conducted in accordance with Brazilian and international auditing standards will always detect any relevant material misstatements. Distortions may be due to fraud or error and are considered relevant when, individually or jointly, they can influence, from a reasonable perspective, the economic decisions of the users taken based on the referred financial statements.

As part of the audit conducted in accordance with Brazilian and international auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. Besides that:

- We identify and evaluate the risks of material misstatement in the financial statements, whether caused by fraud or error, we plan and perform audit procedures in response to such risks, and we obtain audit evidence appropriate and sufficient to substantiate our opinion. The risk of not detecting material misstatement resulting from fraud is greater than that of error, since fraud may involve circumvention of internal controls, collusion, falsification, omission or false intentional representations.
- We obtain an understanding of the internal controls relevant to the audit to plan audit procedures appropriate

to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.

- We evaluate the adequacy of the accounting policies used and the reasonableness of the accounting estimates and respective disclosures made by management.
- We conclude on the adequacy of the management's use of the accounting basis for operational continuity and, based on the audit evidence obtained, whether there is a material uncertainty regarding events or conditions that may raise significant doubt regarding the capacity for operational continuity of the Company. If we conclude that there is material uncertainty, we should draw attention in our audit report to the respective disclosures in the financial statements or include any change in our opinion if the disclosures are inadequate. Our findings are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to no longer be in operational continuity.
- We evaluate the overall presentation, structure and content of financial statements, including disclosures, and whether the financial statements represent the related transactions and events in a manner consistent with the appropriate presentation objective.

We communicate with those responsible for governance regarding, inter alia, the planned scope, timing of the audit and significant audit findings, including any significant weaknesses in the internal controls we have identified during our work.

Dois Irmãos, RS, April 28, 2017.

Carlos Alberto dos Santos

Accountant – CRCRS No. 69.366

Baker Tilly Brasil RS Auditores Independentes S/S

CRCRS No. 006706/O

CVM 12.360

BALANCE SHEET

FISCAL YEAR FINISHED IN MARCH 31, 2017

IN THOUSANDS OF INDIAN RUPEE AND BRAZILIAN REAL, UNLESS OTHERWISE INDICATED

Assets	March 31, 2016	**March 31, 2017**	March 31, 2016	**March 31, 2017**
	INR	**INR**	R$	**R$**
Current Assets				
Cash and Cash Equivalents (Note 4)	2	**22.326**	0,1	**1.077**
Costumer receivables (Note 5)	–	**12.521**	–	**604**
Advances for suppliers (Note 6)	–	**6.115**	–	**295**
Taxes to recover (Note 7)	–	**65.196**	–	**3.145**
Inventory (Note 8)	–	**125.893**	–	**6.073**
Other credits	–	**2.550**	–	**123**
	2	**234.601**	0,1	**11.317**
Non Current Assets				
Fixed Assets (Note 9)	–	**37.335**	–	**1.801**
Intangible (Note 10)	–	**74.649**	–	**3.601**
Deferred Taxes (Note 20)	–	**79.251**	–	**3.823**
	–	**191.234**	0,1	**9.225**
	–	**–**	–	**–**
Total Assets	2	**425.836**	0,1	**20.542**

The accompanying notes are part of these financial statements.

BALANCE SHEET

FISCAL YEAR FINISHED IN MARCH 31, 2017

IN THOUSANDS OF INDIAN RUPEE AND BRAZILIAN REAL, UNLESS OTHERWISE INDICATED

Liabilities and Equity	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017
	INR	**INR**	R$	**R$**
Current Liabilities				
Suppliers (Note 11)	–	**10.365**	–	**500**
Taxes payable and installments (Note 12)	–	**871**	–	**42**
Payroll and vacations payable	–	**5.183**	–	**250**
Costumers' advances	–	**6.530**	–	**315**
Other payables	–	**767**	–	**37**
	–	**23.715**	–	**1.144**
Non Current Liabilities				
Deferred Taxes (Note 20)	–	**1.202**	–	**58**
	–	**1.202**	–	**58**
Total Liabilities	–	**24.917**	–	**1.202**
Equity	–		–	
Stockholders' capital (Note 13)	2	**498.308**	0,01	**24.038**
(-) Losses of the year	–	**(61.112)**	–	**(2.948)**
Valuation adjustments	–	**(36.920)**	–	**(1.781)**
Current year's result	–	**643**	–	**31**
	2	**400.918**	0,01	**19.340**
Total Liabilities and Equity	2	**425.836**	0,01	**20.542**

The accompanying notes are part of these financial statements.

INCOME STATEMENT

FISCAL YEAR FINISHED IN MARCH 31, 2017

IN THOUSANDS OF INDIAN RUPEE AND BRAZILIAN REAL, UNLESS OTHERWISE INDICATED

	Fiscal year finished in March 31, 2016	**Fiscal year finished in March 31, 2017**	Fiscal year finished in March 31, 2016	**Fiscal year finished in March 31, 2017**
	INR	**INR**	R$	**R$**
Revenues (Note 14)	–	**71.809**	–	**3.464**
Cost of Sales (Note 15)	–	**(87.916)**	–	**(4.241)**
Gross Losses	–	**(16.107)**	–	**(777)**
Sales expenses (Note 16)	–	**(21.891)**	–	**(1.056)**
Administrative and tax expenses (Note 17)	–	**(40.299)**	–	**(1.944)**
Operating Loss	–	**(78.297)**	–	**(3.777)**
Financial Expenses (Note 18)	–	**(2.757)**	–	**(133)**
Financial Incomes (Note 18)	–	**643**	–	**31**
Net Financial Result	–	**(2.114)**	–	**(102)**
Losses before taxes	–	**(80.412)**	–	**(3.879)**
Taxes Deferred (Note 17)	–	**19.300**	–	**931**
Losses of the year	–	**(61.112)**	–	**(2.948)**
Number of shares at the end of the year		**24.037.600**		**24.037.600**
Result by share in R$		**(2,54)**		**(0,12)**

The accompanying notes are part of these financial statements.

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

FISCAL YEAR FINISHED IN MARCH 31, 2017

IN THOUSANDS OF INDIAN RUPEE AND BRAZILIAN REAL, UNLESS OTHERWISE INDICATED

	Capital	Valuation adjustments	Accumulated Losses	Total
	INR	**INR**	**INR**	**INR**
Balance in March 31, 2016	2	–	–	2
Paid-in Capital	498.306	–	–	498.306
Valuation Adjustment	–	(36.920)	–	(36.920)
Current Year's result	–	643	–	643
Losses of the year	–	–	(61.112)	(61.112)
Balance in March 31, 2017	**498.308**	**(36.278)**	**(61.112)**	**400.918**

	Capital	Valuation adjustments	Accumulated Losses	Total
	R$	**R$**	**R$**	**R$**
Balance in March 31, 2016	–	–	–	–
Paid-in Capital	24.038	–	–	24.038
Valuation Adjustment	–	(1.781)	–	(1.781)
Current Year's result	–	(31)	–	31
Losses of the year	–	–	2.948	(2.948)
Balance in March 31, 2017	**24.038**	**(1.750)**	**2.948**	**19.340**

The accompanying notes are part of these financial statements.

CASH FLOW STATEMENT

FISCAL YEAR FINISHED IN MARCH 31, 2017

IN THOUSANDS OF INDIAN RUPEE AND BRAZILIAN REAL, UNLESS OTHERWISE INDICATED

	Fiscal year finished in March 31, 2016	**Fiscal year finished in March 31, 2017**	Fiscal year finished in March 31, 2016	**Fiscal year finished in March 31, 2017**
	INR	**INR**	R$	**R$**
Cash flow from operating activities				
Losses of the Year	–	**(61.112)**	–	**(2.948)**
Adjustments for:				
Valuation Adjustments	–	**(36.278)**	–	**(1.750)**
Deferred Taxes on Assets	–	**(79.251)**	–	**(3.823)**
Deferred Taxes on Liabilities	–	**1.202**	–	**58**
Depreciation e amortization	–	**2.052**	–	**99**
	–	**(173.386)**	–	**(8.364)**
Variations on assets and liabilities				
Costumer receivables	–	**(12.521)**	–	**(604)**
Inventory	–	**(125.893)**	–	**(6.073)**
Advances for suppliers	–	**(7.712)**	–	**(372)**
Taxes to recover	–	**(65.196)**	–	**(3.145)**
Other credits	–	**(974)**	–	**(47)**
Suppliers	–	**10.365**	–	**500**
Taxes payable and installments	–	**871**	–	**42**
Wages and vacations payable	–	**5.183**	–	**250**
Costumers' advances	–	**6.530**	–	**315**
Other payables	–	**788**	–	**38**
Cash flow used in operating activities	–	**(188.560)**	–	**(9.096)**
Cash flow from investing activities				
Acquisition of fixed and intangible assets	–	**(114.036)**	–	**(5.501)**
Cash flow used in investing activities	–	**(114.036)**	–	**(5.501)**
Cash flow from financing activities				
Paid-in Capital	2	**498.308**	0,1	**24.038**
Cash flow arising from financing activities	2	**498.308**	0,1	**24.038**
Net increase in cash and cash equivalents	2	**22.326**	0,1	**1.077**
Cash and cash equivalents at the end the year	2	**22.324**	0,1	**0,1**
Cash and cash equivalents at the begin the year	–	**2**	–	**1.077**

The accompanying notes are part of these financial statements.

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDING ON MARCH 31, 2017

IN THOUSANDS OF INDIAN RUPEE AND BRAZILIAN REAL, UNLESS OTHERWISE INDICATED

1. Operational Context

Mahindra do Brasil Industrial Ltda is a Brazilian company headquartered in Sao Paulo, SP, at Rua Desembargador do Vale, 800, Perdizes, with a branch located in Dois Irmaos, RS, at Rua 10 de Setembro, 1097, Downtown. The company was incorporated in 2016.

The company is primarily involved in the assembly of tractors, and the import and sale of its parts and accessories.

Its constitution took place in January 2016, but the company only started its operational activities on October 2016, when it acquired the tractor operation located in the city of Dois Irmãos - RS, which until then produced the Mahindra tractors under a licensing agreement.

Because it started operating in 2016, October, there is no basis for comparison with the prior year. For these financial statements, the period beginning on April 1 and ending on March 31 of each year was considered as the fiscal year.

The company reported a loss in the amount of R$ 2,948 (Brazilian currency) on March 31, 2017. The parent company is following the results and operations of the company and estimates that from 2019 it will present operating profit.

2. Summary of major accounting policies

The main accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied in all years presented, unless otherwise stated.

These financial statements were approved by the board of directors on March 31, 2017.

2.1 Basis for preparation

The preparation of financial statements requires the use of certain critical accounting estimates and also the exercise of judgment by management in the process of applying the Company's accounting policies. Those areas that require a higher level of judgment and are more complex, as well as the areas in which assumptions and estimates are significant for the financial statements, are disclosed in Note 2.15.

(a) Financial Statements

The financial statements were prepared in accordance with accounting practices adopted in Brazil, including pronouncements, guidelines and interpretations issued by the Accounting Pronouncements Committee (CPC) and approved by the Federal Accounting Council (CFC).

The statement of comprehensive income is not being presented because there are no amounts to be presented under this concept, ie, the result of the year is equal to the total comprehensive income.

2.2 Exchange of foreign currency

Functional currency and presentation currency

The items included in the Company's financial statements are measured using the currency of the principal economic environment in which the Company operates ("the functional currency"). The financial statements are prepared in Reais (BRL), which is the Company's functional currency, and presented in Indian rupees (INR). The tax currency conversion used was IRN 20,73 per BRL 1,00.

Foreign Currency transactions

Transactions in foreign currency are translated to the Brazilian Real by the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate calculated on that date. Exchange rate gain or loss on monetary items is the difference between the amortized cost of the functional currency at the beginning of the period, adjusted for interest and actual payments during the period, and the amortized cost in foreign currency at the exchange rate at the end of the reporting period. Foreign currency differences resulting from the conversion are recognized in profit or loss.

2.3 Basis of Income Calculation

The results of operations are determined in accordance with the accrual basis.

2.4 Cash and Cash equivalents

They are comprised of financial resources held in cash, banks account movement and financial investments. Short-term investments are valued at cost, plus income earned through the balance sheet date. These financial instruments are used for trading and are recorded at realizable values (Note 4).

2.5 Financial Assets and Liabilities

Classification and measurement

The Company classifies its financial assets under the following categories: loans and receivables are measured at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets in the initial recognition.

Loans and receivables

Included in this category are receivables that are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with a maturity of more than 12 months after the balance sheet data base (these are classified in noncurrent assets). The Company's loans and receivables comprise loans, trade accounts receivable, other accounts receivable and cash and cash equivalents, other than short-term investments. Loans and receivables are recorded at amortized cost using the effective interest rate method.

Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss are financial assets held for active and frequent trading. Assets in this category are classified in current assets. Gains or losses arising from changes in the fair value of financial assets measured at fair value through profit or loss are presented in the statement of operations under "Financial income" in the period in which they occur. They refer primarily to short-term financial investments.

2.6 Non-derivative financial liabilities

The Company recognizes debt securities issued and subordinated liabilities initially on the date they are originated. All other financial liabilities are initially recognized on the trade date on which the Company becomes a party to the contractual provisions of the instrument. The Company lowers a financial liability when it has its contractual obligations withdrawn, canceled or expired.

Financial assets and liabilities are offset and the net amount is presented in the balance sheet only when the Company has the legal right to offset the amounts and intends to settle on a net basis or to realize the asset and pay the liability simultaneously. The Company has the following non-derivative financial liabilities: loans with related parties, suppliers and other accounts payable.

These financial liabilities are initially recognized at fair value plus any attributable transaction costs. After initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDING ON MARCH 31, 2017

IN THOUSANDS OF INDIAN RUPEE AND BRAZILIAN REAL, UNLESS OTHERWISE INDICATED

2.7 Inventory

The cost of inventories is based on the weighted average principle and includes expenses incurred in the acquisition of inventories, production and processing costs and other costs incurred in bringing them to their existing locations and conditions.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

2.8 Fixed Assets

(a) Classification and measurement

The Company opted to revalue the fixed assets at deemed cost on October 31, 2016. The effects of attributed cost decreased fixed assets and offset against shareholders' equity, net of tax effects (Note 9).

After the transition of CPCs, fixed asset items are measured at historical cost of acquisition or construction, less accumulated depreciation and accumulated impairment losses.

Cost includes expenses that are directly attributable to the acquisition of an asset. Purchased software that is an integral part of the functionality of an equipment is capitalized as part of that equipment.

When parts of an item of fixed assets have different useful lives, they are recorded as individual items (principal components) of fixed assets.

Gains and losses on the sale of an item of fixed assets are determined by comparing the proceeds from the sale with the book value of fixed asset and are recognized net of other income in the statement of income.

(b) Subsequent Cost

The replacement cost of a component of fixed asset is recognized in the carrying amount of the item if it is probable that the economic benefits incorporated into the component will flow to the Company and that its cost can be measured reliably. The carrying amount of the component that has been replaced by another is decreased. The maintenance costs of fixed assets are recognized in the income statement as incurred.

(c) Depreciation

Depreciation is recognized in the statement of income based on the straight-line method with respect to the estimated useful lives of each part of an item of fixed assets, since this method is the one that most closely reflects the consumption pattern of future economic benefits incorporated in the asset. Land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each year-end and any adjustments are recognized as changes in accounting estimates.

2.9 Impairment

The Company analyzes the existence of evidence that the carrying amount of an asset will not be recovered. If evidence is identified, the Company estimates the recoverable amount of the asset. The recoverable value of an asset is the greater of: (a) its fair value less costs that would be incurred to sell it, and (b) its value in use. The value in use is equivalent to the discounted cash flows (before taxes) derived from the continuous use of the asset until the end of its useful life.

When the carrying amount of the asset exceeds its recoverable amount, the Company recognizes a reduction in the carrying amount of this asset (impairment). For the assets recorded at cost, the impairment is recorded in the income statement for the period.

If the recoverable amount of an asset is not determined individually, the recoverable value of the cash-generating unit to which the asset belongs.

2.10 Provisions

A provision is recognized based on a past event and whether the Company has a legal or constructive obligation that can be reliably estimated and it is probable that an economic resource will be required to settle the obligation. Provisions are cleared by discounting expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and liabilities specific risks.

Financial liabilities are classified as financial liabilities at fair value through profit or loss, as the case may be. The Company determines the classification of its financial liabilities at the time of its initial recognition. The Company's financial liabilities include accounts payable to suppliers, tax and labor liabilities.

2.11 Paid-in Capital

The shares are all paid up and classified as owners' equity.

The mandatory minimum dividends, when existing, as defined in the bylaws are recognized as liabilities.

2.12 Operational Revenues

Operating income from the sale of goods in the ordinary course of business is measured at the fair value of the consideration received or receivable. Operating income is recognized when there is convincing evidence that: (i) the most significant risks and benefits inherent in the ownership of the assets have been transferred to the buyer, which in the case of the Company is at the time the products are delivered to their customers; (ii) it is probable that the financial economic benefits will flow to the Company; (iii) that the associated costs and possible return of goods can be estimated reliably, (iv) that there is no continuous involvement with the goods sold, (v) and that the value Of operating revenue can be measured reliably. If discounts are likely to be granted and the amount can be measured reliably, then the discount is recognized as a reduction in operating revenue as sales are recognized.

2.13 Financial incomes and expenses

Financial income basically comprises interest income on funds invested and gains from exchange variation. Financial expenses include interest expenses on related party loans and loans and financing, as well as the respective exchange rate variations.

2.14 Income Tax and Social Contribution

Current and deferred income tax and social contribution are calculated based on the rates of 15%, plus an additional 10% on taxable income in excess of R$ 240 (Brazilian currency) for income tax and 9% on taxable income for social contribution. Their calculation considers the offsetting of tax losses and negative basis of social contribution, limited to 30% of the actual profit.

The Company has not recorded deferred income tax and social contribution assets on tax loss and negative basis due to the absence of a history of recovery of these assets.

2.15 Critical accounting estimates and judgments

Accounting estimates and judgments are continuously evaluated and are based on historical experience and other factors, including expectations of future events, which are considered reasonable for the circumstances.

Based on assumptions, the Company makes estimates regarding the future. By definition, the resulting accounting estimates will rarely equal their actual results. Estimates and assumptions that present a significant risk, with a probability of causing a material adjustment in the carrying amounts of assets and liabilities for the next fiscal year, are contemplated below:

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDING ON MARCH 31, 2017

IN THOUSANDS OF INDIAN RUPEE AND BRAZILIAN REAL, UNLESS OTHERWISE INDICATED

3. Financial Risk Management

(a) Overview

The Company is exposed to the following risks arising from the use of financial instruments:

- Credit risks
- Liquidity risks
- Market risks
- Currency risk
- Operational risks

We present information on the Company's exposure to each of the risks mentioned above, the Company's objectives, policies and processes for the measurement and risk management, and the Company's capital management. Additional quantitative disclosures are included throughout these financial statements.

(b) Risk management Structure

Management has overall responsibility for the establishment and supervision of the Company's risk management structure. Risk management policies are established to identify and analyze the risks faced by the Company, to define appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are frequently reviewed to reflect changes in market conditions and in the Company's activities. The Company, through its standards and training and management procedures, has the objective of developing a disciplined and constructive control environment in which all employees understand their roles and obligations.

(c) Credit Risks

Credit risk is the risk of financial loss of the Company if a customer or counterparty in a financial instrument fails to comply with its contractual obligations, which arise mainly from customer receivables and investment securities.

Costumers receivables and other receivables

The Company's exposure to credit risk is mainly influenced by the individual characteristics of each client. However, management also considers the demographics of the customer base, including the credit risk of the region where clients operate, as these factors may have an influence on credit risk.

Management has established a credit policy in which all new customers have their credit capacity individually analyzed before the terms and conditions of payment and delivery of the Company are offered. The analysis includes external evaluations, when available, including prior analysis of the banking register made by the financial institutions themselves. Purchasing limits are set for each customer, guaranteed by financial institutions, which represent the maximum outstanding amount without requiring prior approval, these limits are periodically revised. Customers who fail to meet the established credit limit may only operate with the Company on an advance payment basis. Once the transaction is approved by the financial institution, the sale is carried out and the risk becomes entirely the financial institution.

In the monitoring of costumers' credit risk, they are grouped according to their credit characteristics, including geographic location, maturity and previous financial difficulties.

(d) Liquidity Risks

Liquidity risks is the Company's risk of finding difficulties to comply with its obligations associated with its financial liabilities that are settled with cash payments or with another financial asset. The Company's approach to liquidity management is to ensure as much as possible that it always has sufficient liquidity to meet its obligations under normal and stressful conditions without causing unacceptable losses or risks of damaging the Company's reputation.

Based on the calculation of the Liquidity indexes, the current liquidity ratio corresponds to 9.89 as of March 31, 2017, a result that shows the remaining available cash and banks for a possible liquidation of short-term obligations.

(e) Market Risks

Market risk is the risk that changes in market prices, such as exchange rates, interest rates and stock prices, may impact on the Company's earnings or the value of its holdings in financial instruments. The purpose of market risk management is to manage and control exposures to market risks, within acceptable parameters, while optimizing return.

The Company complies with financial obligations to manage market risks. All these operations are conducted within the guidelines established by the Administration.

(f) Currency Risks

The Company is subject to currency risk in purchases and loans and financing denominated in a currency other than its functional currency, the Real (R$). The currency in which these transactions are primarily denominated is the US dollar.

With respect to other monetary assets and liabilities denominated in foreign currency, the Company guarantees that its net exposure is maintained at an acceptable level to treat short-term instabilities.

(g) Operational Risks

Operational risks are the risks of direct or indirect losses arising from a variety of causes associated with Company processes, personnel, technology and infrastructure and external factors, except for credit, market and liquidity risks, such as those arising from legal and regulatory requirements and generally accepted standards of business behavior. Operating risks arise from all operations of the Company.

The Company's objective is to manage operational risks to avoid the occurrence of financial losses and damages to its reputation, as well as to seek cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The main responsibility for the development and implementation of controls to address operational risks is assigned to top management. The responsibility is supported by the development of the Company's general standards for the management of operational risks in the following areas:

- Requirements for adequate segregation of duties, including independent clearance of operations;
- Requirements for the reconciliation and monitoring of operations;
- Compliance with regulatory and legal requirements;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risks faced and the adequacy of controls and procedures to deal with identified risks;
- Requirements to report operational losses and corrective actions proposed;
- Development of contingency plans;
- Professional training and development;
- Ethical and commercial standards;
- Risk mitigation, including insurance when effective.

(h) Capital Management

The Management has been monitoring the loss generated by the operation in order to mitigate its causes and generate returns on capital, which the Company defines as results of operating activities divided by total owners' equity.

Owners provide advances for future capital increase when necessary and / or contributions to maintain cash flow and sustain investments, whichever is more profitable for the Company.

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDING ON MARCH 31, 2017

IN THOUSANDS OF INDIAN RUPEE AND BRAZILIAN REAL, UNLESS OTHERWISE INDICATED

4. Cash and Cash Equivalents

	March 31, 2016	**March 31, 2017**	March 31, 2016	**March 31, 2017**
	INR	**INR**	R$	**R$**
Cash	2	**2**	0,1	**0,1**
Financial investments	–	**22.324**	–	**1.077**
	2	**22.326**	0,1	**1.077**

The Company makes financial investments in large financial institutions with the purpose of generating financial income while not using the resources. The investments in reais are made in CDBs issued by the bank and Buyback operations, the Buyback is an application in debentures of the bank leasing with daily liquidity and guarantee of repurchase by the bank.

5. Costumer receivables

	March 31, 2016	**March 31, 2017**	March 31, 2016	**March 31, 2017**
	INR	**INR**	R$	**R$**
Brazilian Costumers	–	**12.521**	–	**604**
	–	**12.521**	–	**604**

The Company sells its products directly to its customers through its commercial department. Management has not yet considered it necessary to establish the allowance for doubtful accounts.

	March 31, 2016	**March 31, 2017**	March 31, 2016	**March 31, 2017**
	INR	**INR**	R$	**R$**
Due	–	**12.521**	–	**604**
	–	**12.521**	–	**604**

6. Advances for suppliers

	March 31, 2016	**March 31, 2017**	March 31, 2016	**March 31, 2017**
	INR	**INR**	R$	**R$**
Advances for suppliers (National)	–	**2.612**	–	**126**
Advances for travels	–	**166**	–	**8**
Advances for Fairs	–	**3.338**	–	**161**
	–	**6.115**	–	**295**

7. Taxes to Recover

	March 31, 2016	**March 31, 2017**	March 31, 2016	**March 31, 2017**
	INR	**INR**	R$	**R$**
ICMS to recover	–	**32.899**	–	**1.587**
PIS to recover	–	**4.954**	–	**239**
COFINS to recover	–	**22.886**	–	**1.104**
Other taxes	–	**4.457**	–	**215**
	–	**65.196**	–	**3.145**

8. Inventory

	March 31, 2016	**March 31, 2017**	March 31, 2016	**March 31, 2017**
	INR	**INR**	R$	**R$**
Raw Materials	–	**93.679**	–	**4.519**
Finished products	–	**24.192**	–	**1.167**
Goods for Resale	–	**49.109**	–	**2.369**
	–	**166.980**	–	**8.055**
(-) Losses in parts and accessories	–	**(29.685)**	–	**(1.432)**
(-) Losses in tractors	–	**(11.402)**	–	**(550)**
	–	**125.893**	–	**6.073**

The balance of inventories on October 31, 2016 included adjustments of losses as per appraisal issued by the company Ferrari Organização e Avaliações Patrimoniais Ltda.

9. Fixed Assets

		March 31, 2016			**March 31, 2017**
	Depreciation annual rate	Net	Cost	Accumulated Depreciation	**Net**
		INR	INR	INR	**INR**
Machines and equipment	10%	–	13.910	(560)	**13.350**
Vehicles	20%	–	8.168	(746)	**7.421**
Furniture and Fixtures	10%	–	14.843	(663)	**14.179**
Computers - Hardware	20%	–	2.114	(145)	**1.969**
Facilities	10%	–	5.162	(21)	**5.141**
MACHINES AND EQUIPMENT – SURPLUS VALUATION ADJUSTMENT		–	17.621	41	**17.662**
(-) VEHICLES – LOSS VALUATION ADJUSTMENT		–	(3.607)	290	**(3.317)**
(-) FURNITURE AND FIXTURES – LOSS VALUATION ADJUSTMENT		–	(13.309)	560	**(12.749)**
(-) COMPUTERS – HARDWARE – LOSS VALUATION ADJUSTMENT		–	(498)	(746)	**(1.244)**
(-) FACILITIES – LOSS VALUATION ADJUSTMENT		–	(5.079)	–	**(5.079)**
		–	39.325	(1.990)	**37.335**

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDING ON MARCH 31, 2017

IN THOUSANDS OF INDIAN RUPEE AND BRAZILIAN REAL, UNLESS OTHERWISE INDICATED

	Depreciation annual rate	March 31, 2016 Net	Cost	Accumulated Depreciation	**March 31, 2017 Net**
		R$	R$	R$	**R$**
Machines and equipment	10%	–	671	(27)	**644**
Vehicles	20%	–	394	(36)	**358**
Furniture and Fixtures	10%	–	716	(32)	**684**
Computers - Hardware	20%	–	102	(7)	**95**
Facilities	10%	–	249	(1)	**248**
MACHINES AND EQUIPMENT – SURPLUS VALUATION ADJUSTMENT		–	850	2	**852**
(-) VEHICLES – LOSS VALUATION ADJUSTMENT		–	(174)	14	**(160)**
(-) FURNITURE AND FIXTURES – LOSS VALUATION ADJUSTMENT		–	(642)	27	**(615)**
(-) COMPUTERS – HARDWARE – LOSS VALUATION ADJUSTMENT		–	(24)	(36)	**(60)**
(-) FACILITIES – LOSS VALUATION ADJUSTMENT		–	(245)	–	**(245)**
		–	1.897	(96)	**1.801**

The following table shows the changes in Fixed Assets:

	March 31, 2016	**March 31, 2017**	March 31, 2016	**March 31, 2017**
	INR	**INR**	R$	**R$**
In April 1st		**–**		**–**
Aquisitions	–	**44.196**	–	**22.132**
(-) Depreciation	–	**(2.156)**	–	**(104)**
(-) Losses	–	**(4.706)**	–	**(227)**
In March 31st	–	**37.335**	–	**1.801**

10. Intangible

	Amortization annual rate	March 31, 2016 Net	Cost	Accumulated Amortization	**March 31, 2017 Net**
		R$	R$	R$	**R$**
Computers - Software and Licenses	20%	–	1.119	(62)	**1.057**
GAIN ON THE ACQUISITION OF ASSETS		–	73.592	–	**73.592**
		–	74.711	(62)	**74.649**

	Amortization annual rate	March 31, 2016 Net	Cost	Accumulated Amortization	**March 31, 2017 Net**
		INR	INR	INR	**INR**
Computers - Software and Licenses	20%	–	54	(3)	**51**
GAIN ON THE ACQUISITION OF ASSETS		–	3.550	–	**3.350**
		–	3.604	(3)	**3.601**

The following table shows the changes in Intangible Assets:

	March 31, 2016	**March 31, 2017**	March 31, 2016	**March 31, 2017**
	IRN	**IRN**	R$	**R$**
In April 1st	–	**–**	–	**–**
Aquisitions	–	**117.539**	–	**5.670**
(-) Disposals	–	**(42.828)**	–	**(2.066)**
(-) Depreciation	–	**(62)**	–	**(3)**
In March 31st	–	**74.649**	–	**3.601**

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDING ON MARCH 31, 2017

IN THOUSANDS OF INDIAN RUPEE AND BRAZILIAN REAL, UNLESS OTHERWISE INDICATED

11. Suppliers

	March 31, 2016	**March 31, 2017**	March 31, 2016	**March 31, 2017**
	INR	**INR**	R$	**R$**
Raw Materials	–	**5.742**	–	**277**
Third Party Services	–	**601**	–	**29**
Food and fuel voucher	–	**850**	–	**41**
Shipping	–	**62**	–	**3**
Fixed Assets	–	**145**	–	**7**
Maintenance	–	**207**	–	**10**
Others	–	**2.757**	–	**133**
	–	**10.365**	–	**500**

12. Taxes payable and installments

	March 31, 2016	**March 31, 2017**	March 31, 2016	**March 31, 2017**
	INR	**INR**	R$	**R$**
IRRF	–	**560**	–	**27**
CSRF	–	**124**	–	**6**
ICMS ST	–	**124**	–	**6**
Others	–	**62**	–	**3**
	–	**871**	–	**42**

13. Equity

a) Stockholders' Equity

At December 31, 2016, paid-in capital was represented by 24,037,600 social shares, with a nominal value of BRL 1.00 (Brazilian Reais), distributed among the owners as follows:

	March 31, 2016	**March 31, 2017**	March 31, 2016	**March 31, 2017**
	INR	**INR**	R$	**R$**
Mahindra & Mahindra Ltd.	1	**496.981**	50	**23.974**
Mahindra Overseas Investment Company (Mauritius)	1	**1.327**	50	**64**
	2	**498.308**	100	**24.038**

b) Valuation Adjustments

The reserve for equity valuation adjustments includes adjustments for the adoption of the attributed cost of fixed assets at the transition date.

c) Dividends

The Company's Bylaws determine the distribution of dividends in the proportion that the shareholders holding the majority of the capital stock approve. The Company had no dividends payable in the year, as it presented accounting losses.

14. Revenues

	Fiscal year finished in March 31, 2016	**Fiscal year finished in March 31, 2017**	Fiscal year finished in March 31, 2016	**Fiscal year finished in March 31, 2017**
	INR	**INR**	R$	**R$**
Product Sales	–	**95.275**	–	**4.596**
(-) Taxes on sales	–	**(11.920)**	–	**(575)**
(-) Returns and rebates	–	**(11.567)**	–	**(558)**
Net Revenues	–	**71.809**	–	**3.464**

15. Cost of Sales

	Fiscal year finished in March 31, 2016	**Fiscal year finished in March 31, 2017**	Fiscal year finished in March 31, 2016	**Fiscal year finished in March 31, 2017**
	INR	**INR**	R$	**R$**
Direct Costs - Tractors	–	**14.013**	–	**676**
Cost of sold products	–	**71.539**	–	**3.451**
Cost of resold goods	–	**2.363**	–	**114**
		–		**–**
Total	–	**87.916**	–	**4.241**

16. Sales Expenses

	Fiscal year finished in March 31, 2016	**Fiscal year finished in March 31, 2017**	Fiscal year finished in March 31, 2016	**Fiscal year finished in March 31, 2017**
	INR	**INR**	R$	**R$**
Payroll, benefits and social charges	–	**4.975**	–	**240**
Third-party services	–	**104**	–	**5**
Advertising and publicity	–	**2.778**	–	**134**
Vehicle Expenses	–	**539**	–	**26**
Travels and Stays	–	**4.001**	–	**193**
Fairs, Congresses and Symposia	–	**5.452**	–	**263**
Promotions and Events	–	**3.607**	–	**174**
Other sales expenses	–	**435**	–	**21**
	–	**21.891**	–	**1.056**

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDING ON MARCH 31, 2017

IN THOUSANDS OF INDIAN RUPEE AND BRAZILIAN REAL, UNLESS OTHERWISE INDICATED

17. Administrative Expenses

	Fiscal year finished in March 31, 2016	**Fiscal year finished in March 31, 2017**	Fiscal year finished in March 31, 2016	**Fiscal year finished in March 31, 2017**
	INR	**INR**	R$	**R$**
Payroll, benefits and social charges	–	**17.849**	–	**861**
Third-party services	–	**8.396**	–	**405**
Communications and electricity	–	**3.607**	–	**174**
Travels and stays	–	**2.384**	–	**115**
Rents and condominiums	–	**2.467**	–	**119**
Depreciation and amortization	–	**1.990**	–	**96**
Maintenance and Conservation	–	**539**	–	**26**
Vehicle Expenses	–	**311**	–	**15**
Insurances	–	**477**	–	**23**
Fairs, Congresses and Symposia	–	**187**	–	**9**
Office supplies	–	**726**	–	**35**
Expenses with guarantees	–	**124**	–	**6**
Tax Expenses	–	**104**	–	**5**
Others	–	**1.140**	–	**55**
	–	**40.299**	–	**1.944**
Deferred Income Tax – Year's Result	–	**(12.065)**	–	**(582)**
Deferred CSLL – Year's Result	–	**(7.235)**	–	**(349)**
	–	**20.999**	–	**1.013**

18. Financial Incomes and Expenses

	Fiscal year finished in March 31, 2016	**Fiscal year finished in March 31, 2017**	Fiscal year finished in March 31, 2016	**Fiscal year finished in March 31, 2017**
	INR	**INR**	R$	**R$**
Financial Expenses				
Foreign exchange variations losses	–	**41**	–	**2**
Paid Interests	–	**104**	–	**5**
IOF	–	**1.949**	–	**94**
Other	–	**663**	–	**32**
	–	**2.757**	–	**133**

	Fiscal year finished in March 31, 2016	**Fiscal year finished in March 31, 2017**	Fiscal year finished in March 31, 2016	**Fiscal year finished in March 31, 2017**
	INR	**INR**	R$	**R$**
Financial Income				
Income from Financial Investments	–	**456**	–	**22**
Exchange rate gains	–	**62**	–	**3**
Others	–	**124**	–	**6**
	–	**643**	–	**31**

19. Insurance coverage

The Company adopts the policy of hiring insurance coverage for assets subject to risks, for amounts considered sufficient to cover eventual claims, considering the nature of its activity.

20. Deferred Taxes

The Company has recorded deferred taxes on the equity valuation and also on operational losses, which are recorded in the correspondent asset and liability accounts. To calculate these values, the 15% and 9% rates were applied for IRPJ and CSLL, respectively.

Deferred Taxes on Asset Accounts:

	March 31, 2016	**March 31, 2017**	March 31, 2016	**March 31, 2017**
	INR	**INR**	R$	**R$**
IRPJ Deferred	–	**44.031**	–	**2.124**
CSLL Deferred	–	**15.921**	–	**768**
IRPJ Deferred – Year's Result	–	**12.065**	–	**582**
CSLL Deferred – Year's Result	–	**7.235**	–	**349**
	–	**79.251**	–	**3.823**

Deferred Taxes on Liabilities Accounts:

	March 31, 2016	**March 31, 2017**	March 31, 2016	**March 31, 2017**
	INR	**INR**	R$	**R$**
IRPJ Deferred	–	**871**	–	**42**
CSLL Deferred	–	**332**	–	**16**
	–	**1.202**	–	**58**

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Report together with the audited accounts of your Company for the year ended 31st December 2016.

Financial Highlights (Consolidated):

	CY16 (TRL Lakhs)	**CY16 (INR Lakhs)**	CY15 (TRL Lakhs)	CY15 (INR Lakhs)
Revenues	**1,869.73**	**33,412.19**	2,075.28	37,085.29
Income before Income Tax	**(1,082.79)**	**(19,349.44)**	(204.32)	(3,651.36)
Net Profit	**(937.01)**	**(16,744.30)**	(167.40)	(2,991.61)

The Financial Statement as at December 31st, 2016 (CY16) reports Revenues of TRL 1,869.73 lakhs (INR 33,412.19 lakhs) with a Net Loss of TRL 937.01 lakhs (INR 16,744.30 lakhs).

Performance during the year:

Your Company is engaged in manufacturing and sale of Agriculture Machinery, Industrial Cabinets and Machinery Components for Turkey as well as the Global market. Your Company's brand name "Hisarlar" is a well-known brand in the global farm machinery segment and has a strong dealer network in Turkey. In the year 2016, Your Company experienced liquidity problems due to delays on its collections which also affected production as well as debt repayments.

Going concern

The annual financial statements have been prepared on a going concern basis. This basis presumes that funds will be available to finance future operations. As on 31st December, 2016, your Company was in talks with India based Mahindra Group for a possible acquisition. Accordingly, subsequent in March 2017, Mahindra Group infused equity and acquired a majority stake in the Company.

Events after Balance Sheet Date

Your Company, with effect from 30th March 2017, has been acquired by India based Mahindra Group through its subsidiary, Mahindra Overseas Investment Company (Mauritius) Limited ("MOICML"). MOICML has acquired 75.07% stake in your Company by infusing TRL 710 lakhs into the Company. Out of the balance equity share capital, 18.32% is held by European Bank for Reconstruction and Development ("EBRD"), 6.19% by Zafer Turker and 0.41% by Nakina Finance S.A.R.L.

Dividends

No dividends have been declared or paid to shareholders during the year.

Holding Company:

With effect from 30th March 2017 your Company's holding company is Mahindra Overseas Investment Company (Mauritius) Limited (MOICML) which is based in Mauritius. MOICML is a subsidiary of Mahindra & Mahindra Limited which is incorporated in India.

Directors:

The Directors of your Company during the year and to the date of this report are as follows:

- Rajesh Jejurikar (appointed with effect from 30th March, 2017)
- Giju Kurian (appointed with effect from 30th March 2017)
- Nikhil Sohoni (appointed with effect from 30th March 2017)
- Fazli Turker (resigned with effect from 30th March 2017)
- Zafer Turker (resigned with effect from 30th March 2017)
- Rasit Turker (resigned with effect from 30th March 2017)

For and on behalf of the Board

Giju Kurian
Vice Chairman and Director

Date: 26th May 2017

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Hisarlar Makina Sanayi ve Ticaret A.Ş.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Hisarlar Makina Sanayi ve Ticaret A.Ş. ("the Company") and its subsidiary ("the Group"), which comprise the consolidated statement of financial position as at 31st December, 2016, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the 'Basis for Qualified Opinion' paragraphs,the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31st December, 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Qualified Opinion

Carrying values of auxiliary equipment; moulds, welding fixtures and tooling, recorded under machinery and equipment of property, plant and equipment amount to TL 6.225.064 as at 31st December, 2015. Before 1st January, 2011, the recognition for the costs incurred for these assets were not based on actual costs that are followed-up on individual mould or fixture basis but on standard costs. Starting from 1st January, 2011, additions to these auxiliary equipment amounting to TL 7.378.008 have been recorded based at their actual costs. As the effects of the possible adjustments that may be considered to be necessary as a result of comparing the standard cost of the assets acquired before 1st January, 2011 with their actual costs could not be determined, we cannot express an opinion with regards to the carrying values of auxiliary equipment as of 31st December, 2015 and depreciation charges of auxiliary equipment for the year then ended. As of 31st December, 2016, the Company has written off these auxiliary equipment; moulds, welding fixtures and tooling with a net effect of TL 4.477.253 in the statement profit or loss. The effect of the write-off has been reflected in the statement of profit or loss for the year ended 2016; prior year financial statements have not been restated.

We were not able to observe the counting of the physical inventories as of 31st December, 2016 and 31st December, 2015. Due to nature of the Entity's inventory records and high volume of transactions, the amount of inventory which could not be tested by other alternative audit procedures and inventory balance which we couldn't observe the counting amounts to TL 21.445.325 and TL 48.059.779, as of 31st December, 2016 and 31st December, 2015, respectively. We were unable to determine whether adjustments might have been necessary in respect of the profit for the years reported in the profit or loss statements and the net cash flows from operating activities reported in the cash flow statements.

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 Consolidated Financial Statements* section of our report. We are independent of the Group 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 qualified opinion.

Emphasis of matter

Without qualifying our opinion, as described in Note 2 to the consolidated financial statements, we draw attention to the fact that the Group has completed the period ended 31 December 2016 with a net loss of TL 93.700.633 (31 December 2015: TL 17.144.371), total accumulated losses has reached TL 29.291.633 (31 December 2015: TL 13.292.991) and short-term liabilities has exceeded current assets by TL 196.170.644 (31 December 2015: TL 99.142.923). Together with the effect of the accumulated losses and period loss, the the sum of capital and restricted profit reserves is unsecured due to loss in accordance with Article 376 of Turkish Commercial Law. As described in Note 2 to the consolidated financial statements, this condition indicates the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Meanwhile, some loans of the Group are subject to certain covenants due to the contracts. According to these covenants, Group shall achieve some performance criterion and shall satisfy specific qualitative and quantitative criterion. As of 31 December 2016, the Group is in breach regarding certain loan covenants and no waiver letter is provided regarding these breaches. As explained in Note 26, some creditors also recalled their loans since the Group could not fulfill its payment obligations. In addition, as of 31 December 2016, the Group has recorded a deferred tax asset amounting to TL 13.946.744 (31 December 2015: TL 3.978.237), with the anticipation that it will be possible to reach sufficient taxable profit considering the strategic partnership agreement mentioned in Note 26. Changes in profitability in future periods may affect the recoverability of this amount.

Without qualifying our opinion, we draw attention to capitalized development costs under intangible assets and expenditures concerning in progress development projects amounting to TL 4.907.721 and TL 41.081.625 as at 31 December 2016, respectively. The Group management considers that the aforementioned assets will generate economic benefits, based on business projections that rely on certain estimations. Effect of external factors might cause changes in the realization of such estimations.

Other Matter

The financial statements presented in supplementary information (Note 28), have been prepared in Indian Rupee (INR) for presentation purpose only and it does not form part of these special purpose financial statements.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 Group'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 Group'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 Group 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.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Ankara, 26 May 2017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2016

(Amounts are expressed in Turkish Lira (TL)

	Notes	**Current Period 31st December, 2016**	Prior Period 31st December, 2015
ASSETS			
Current Assets		**71.806.468**	159.140.776
Cash and Cash Equivalent	25	**971.898**	3.225.423
Financial Assets		**1.646.419**	5.873.005
Trade Receivables	5	**35.984.969**	83.096.055
Trade receivables from related parties		**1.645.992**	–
Trade receivables from third parties		**34.338.977**	83.096.055
Other Receivables	6	**3.961.827**	9.375.930
Other receivables from related parties	4	**2.719.956**	8.334.465
Other receivables from third parties		**1.241.871**	1.041.465
Inventory	7	**21.445.325**	48.059.779
Prepaid Expenses	8	**7.611.913**	9.499.992
Assets Related to Current Tax	20	**–**	10.592
Other Current Assets	14	**184.117**	–
Non-Current Assets		**150.980.347**	112.105.631
Trade Receivables	5	**–**	527.513
Trade receivables from third parties		**–**	527.513
Other Receivables	6	**88.000**	46.984
Other receivables from third parties		**88.000**	46.984
Financial assets		**–**	3.000
Investment Property	11	**1.643.000**	23.692
Property, Plant and Equipment	9	**124.383.105**	96.034.461
Intangible Assets	10	**9.391.602**	9.212.690
Other Non-Current Assets		**9.391.602**	9.212.690
Prepaid Expenses	8	**1.627.896**	2.279.054
Deferred Tax Assets	20	**13.846.744**	3.978.237
TOTAL ASSETS		**222.786.815**	271.246.407

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2016

(Amounts are expressed in Turkish Lira (TL)

	Notes	**Current Period 31st December, 2016**	Prior Period 31st December, 2015
LIABILITIES			
Current Liabilities		**267.977.112**	258.283.699
Financial Borrowings	23	**103.893.895**	127.513.499
Short-term Portion of Long-term Borrowings	23	**8.183.327**	–
Obligations Under Financial Leases	23	**5.306.363**	13.322.196
Other Financial Liabilities	23	**14.557.984**	31.433.353
Trade Payables	5	**106.225.811**	74.486.579
Trade payables to related parties	4	**7.372.150**	2.247.785
Trade payables to third parties		**98.853.661**	72.238.794
Payables Related to Employee Benefits	13	**6.526.535**	2.857.531
Other Payables	6	**1.125.306**	271.235
Other payables to related parties		**1.125.306**	–
Other payables to third parties		**–**	271.235
Deferred Income	8	**10.256.859**	6.886.785
Short-term Provisions		**2.446.535**	1.031.434
Short-term provisions for employee benefits	13	**805.614**	1.031.434
Other short-term provisions	15	**1.640.921**	–
Other Current Liabilities	14	**9.454.497**	481.087
Non-Current Liabilities		**13.411.754**	5.618.964
Obligations Under Financial Leases	23	**5.476.774**	–
Long- term Provisions	13	**7.934.980**	5.618.964
Long-term provisions for employee benefits		**7.934.980**	5.618.964

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2016

(Amounts are expressed in Turkish Lira (TL)

	Notes	**Current Period 31st December, 2016**	Prior Period 31st December, 2015
EQUITY		**(58.602.051)**	7.343.744
Equity Attributable to Owners of the Parent		**(58.326.106)**	7.496.036
Paid-in Capital	16	**29.507.575**	29.507.575
Entities Under Common Control		**12.678**	12.678
Accumulated Other Comprehensive Income or Expenses not to be Reclassified to Profit or Loss		**32.462.322**	5.115.802
Properties Revaluation Reserves		**33.035.834**	6.466.605
Accumulated Gain/Loss on Remeasurement of Defined Benefit Plans		**(573.512)**	(1.350.803)
Restricted Profit Reserves	16	**2.559.932**	2.559.932
Accumulated Losses		**(29.291.633)**	(13.292.991)
Net Loss for the Period		**(93.486.980)**	(16.406.960)
Non-controlling Interests		**(365.945)**	(152.292)
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**222.786.815**	271.246.407

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE 1ST JANUARY – 31ST DECEMBER, 2016 PERIOD

(Amounts are expressed in Turkish Lira (TL)

	Notes	**Current Period 1st January – 31st December, 2016**	Prior Period 1st January – 31st December, 2015
Revenue	17	**186.973.669**	207.528.200
Cost of Sales (-)	17	**(205.419.957)**	(178.649.108)
Gross (Loss)/Profit		**(18.446.288)**	28.879.092
General Administrative Expenses (-)	18	**(12.253.866)**	(18.795.908)
Marketing Expenses (-)	18	**(4.236.750)**	(5.670.878)
Other Income From Operating Activities	19	**9.893.263**	4.302.885
Other Loss From Operating Activities (-)	19	**(26.244.452)**	(2.018.223)
Operating (Loss)/Profit		**(51.288.093)**	6.696.968
Investment Revenue	20	**1.994.460**	2.340.994
Expenses from Investing Activities (-)	20	**(13.845.975)**	(403.387)
OPERATING (LOSS)/PROFIT BEFORE FINANCE EXPENSE		**(63.139.608)**	8.634.575
Finance Expenses (-)	21	**(45.139.302)**	(29.470.858)
LOSS BEFORE TAX		**(108.278.910)**	(20.836.283)
Tax (Expense)	22	**14.578.277**	3.691.912
Current Tax Expense (-)	22	**–**	(233.762)
Deferred Tax Expense/(Income)	22	**14.578.277**	3.925.674
LOSS FOR THE PERIOD		**(93.700.633)**	(17.144.371)
Loss from the period attributable to:			
Non-controlling Interest		**(213.653)**	(737.411)
Owners of the company		**(93.486.980)**	(16.406.960)
		(93.700.633)	(17.144.371)

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE 1ST JANUARY – 31ST DECEMBER, 2016 PERIOD

(Amounts are expressed in Turkish Lira (TL)

	Notes	**Current Period 1st January – 31st December, 2016**	Prior Period 1st January – 31st December, 2015
LOSS FOR THE PERIOD		**(93.700.633)**	(17.144.371)
OTHER COMPREHENSIVE INCOME			
Items that will not be Reclassified Subsequently to Profit/(Loss)		**27.346.520**	(1.801.190)
Gain/(Loss) on remeasurement of defined benefit plans	13	**971.614**	(2.251.487)
Gain on revaluation of property plant and equipments		**31.084.676**	–
Deferred Tax Expenses (-)/Income	22	**(4.709.770)**	450.297
OTHER COMPREHENSIVE (LOSS)/INCOME		**27.346.520**	(1.801.190)
TOTAL COMPREHENSIVE (LOSS)/INCOME		**(66.354.113)**	(18.945.561)
Total Comprehensive (Loss)/Income for the Period Attributable to:			
Non-controlling Interest		**(213.653)**	(737.411)
Owners of Company		**(66.140.460)**	(18.208.150)
		(66.354.113)	(18.945.561)

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 1^{ST} JANUARY – 31^{ST} DECEMBER, 2016 PERIOD

(Amounts are expressed in Turkish Lira (TL))

				Accumulated Other Comprehensive Income or Expense that will not be Reclassified to Profit or Loss		Retained Earnings				
	Share capital	**Legal reserves**	**Purchase of shares of entities under common control**	**Properties revaluation reserve**	**Actuarial gain/loss**	**(Accumulated losses)/ retained earnings**	**Net profit for the year**	**Attributable to Equity Holders of the Parent**	**Non-controlling interests**	**Total**
Balance at 1 January 2015	29.507.575	2.546.977	12.678	6.466.605	450.387	(12.822.631)	(457.405)	25.704.186	585.119	26.289.305
Transfers	–	12.955	–	–	–	(470.360)	457.405	–	–	–
Total comprehensive loss	–	–	–	–	(1.801.190)	–	(16.406.960)	(18.208.150)	(737.411)	(18.945.561)
Balance at 31 December 2015	29.507.575	2.559.932	12.678	6.466.605	(1.350.803)	(13.292.991)	(16.406.960)	7.496.036	(152.292)	7.343.744
Transfers	–	–	–	–	–	(16.406.960)	16.406.960	–	–	–
Effect of change in accounting policy (Note: 2.7)	–	–	–		–	408.318	–	408.318	–	408.318
Total comprehensive loss	–	–	–	26.569.229	777.291	–	(93.486.980)	(66.140.460)	(213.653)	(66.354.113)
Balance at 31 December 2016	**29.507.575**	**2.559.932**	**12.678**	**33.035.834**	**(573.512)**	**(29.291.633)**	**(93.486.980)**	**(58.236.106)**	**(365.945)**	**(58.602.051)**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE 1ST JANUARY – 31ST DECEMBER, 2016 PERIOD

(Amounts are expressed in Turkish Lira (TL))

	Notes	Current Period 1st January- 31st December, 2016	Prior Period 1st January- 31st December, 2015
Cash flows from operating activities			
Loss for the period		**(93.700.633)**	(17.144.371)
Adjustments related to tax expense/income	22	**(14.578.277)**	(3.691.912)
– Adjustments related to interest expense	21	**22.089.661**	16.920.465
– Adjustments related to provision for doubtful trade receivables		**2.559.279**	10.771.009
– Adjustments related to (gain) on sale or disposal of property, plant and equipment and intangible assets		**(778.335)**	(1.936.488)
– Adjustments related to depreciation and amortization of property, plant and equipment and intangible assets	9,10	**10.508.422**	11.223.214
– Adjustments related to provision for employment termination benefits	13	**4.274.711**	1.428.153
– Adjustments related to provisions for legal claims	15	**1.640.921**	(101.747)
– Adjustment related to write off assets ad fixtures	19	**8.424.379**	–
– Change in fair value of fixed assets	20	**12.436.429**	–
– Change in unused vacation provision		**(225.820)**	128.541
– Adjustments related to discount expense	19	**(1.788.330)**	(263.323)
– Unrealized foreign exchange differences related to borrowings -net		**13.233.604**	(10.213.577)
Movements in working capital			
Adjustments for (increase)/decrease in trade receivables		**44.629.171**	(36.490.205)
Adjustments for (increase)/decrease in inventories	7	**26.614.454**	(14.430.678)
Adjustments for (increase)/decrease in other receivables and other assets		**11.957.793**	(8.973.643)
Adjustments for (increase)/decrease in trade payables		**30.030.585**	32.675.821
Adjustments for (increase)/decrease in other payables and expense accruals		**3.632.955**	3.173.270
		80.960.969	(16.925.471)
Income taxes paid	22	**10.592**	(98.786)
Employment termination benefits paid	13	**(987.081)**	(1.167.287)
Net cash (used in)/generated by operating activities		**79.984.480**	(18.191.544)
Cash flow from investing activities			
Payments for Purchase of Property, Plant and Equipment	9	**(21.759.949)**	(18.688.278)
Proceeds from Sale of Property, Plant and Equipment and Intangible Assets	9,10	**2.197.986**	4.064.799
Payments for Purchase of intangible assets	10	**(3.287.769)**	(1.429.814)
Payments for financial investments		**–**	(3.000)
Net cash used in investing activities		**(22.849.732)**	(16.056.293)
Cash flow from financing activities			
Proceeds from borrowings		**36.120.453**	94.476.917
Repayments of borrowings		**(66.989.573)**	(70.435.591)
Repayments of leasing payables		**(12.473.699)**	(4.866.060)
Change in factoring payables		**(16.045.454)**	31.433.352
Interest paid		**–**	(17.138.184)
Net cash generated by financing activities		**(59.388.273)**	33.470.434
NET INCREASE IN CASH AND CASH EQUIVALENTS		**(2.253.525)**	(777.403)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	27	**3.225.423**	4.002.826
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	27	**971.898**	3.225.403

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

1. ORGANIZATION AND OPERATIONS OF THE GROUP

Hisarlar Makina Sanayi ve Ticaret A.Ş. (the "Company" or "Hisarlar Makina") is the parent company. The address of Hisarlar Makina's registered office is: Eskişehir - Bursa Yolu 20. km. 26550 M. Çukurhisar, Eskişehir, Turkey.

The Company was established in 1973. Following the production of the tractor safety cab in Turkey in 1974, the first serial production has started in 1977. Hisarlar Makina started its first export activities of safety cabs to Netherlands in 1985 and to Austria in 1987. Hisarlar Makina realizes export sales over Hisarlar Pazarlama. In 2006, shareholders established Hisarlar Kabin in order to carry out production of tractor safety cabs and agricultural machines within the newly established company. After this demerge, Hisarlar Makina started to specialize in the production of welded components. As of 2 January 2012, Hisarlar Makina has been remerged with Hisarlar Kabin. Hisarlar Makina's customers include manufacturers operating mainly in agriculture, construction, textile and automotive sectors. Additionally, Hisarlar Makina provides engineering support, design, prototyping, serial production, painting and final assembly to its customers.

As of 18 December 2012 the Company and its shareholders signed a loan agreement with European Bank for Reconstruction and Development ("EBRD") and Nakina Finance S.A.R.L. ("Nakina") (together the "Investors"). Depending upon this loan agreement, the shareholders of the Company has transferred 15.7% of their shares in the Company to EBRD and Nakina. According to the shareholders agreement signed between the parties, Investors have put option in order to transfer back the shares in the period starting from 1 January 2020 to 31 May 2020 when the repayments of the loans are finalized and the annual financial statements for the year ending 31 December 2019 are delivered to the Investors. The Group is experiencing liquidity problems due to the delays on its collections. Accordingly, as of 31 August 2016, the Group was unable to pay its cheques. Subsequently, some banks have recalled their loans commencing September 8th, 2016. Together with the recall of the loans, notification has been sent to all suppliers and customer in accordance with Article 89/1 of the Execution and Bankruptcy Law. Some suppliers have started to apply legal follow-up. Following all these developments, the Group was involved in the strategic partnership process and signed a Letter of Interest. During 2017, the Group has completed strategic partnership agreement with Mahindra Overseas Investment ("Mahindra"). Following the completion of this agreement, all borrowings including EBRD and Nakina loans that were subject to covenants are paid in 30 March 2017. Also Mahindra became new ultimate controlling party for the Group with 75% shares, as explained in Note 26.

The Company has acquired 90% of the shares of Hisarlar Pazarlama İthalat ve İhracat A.Ş. ("Hisarlar Pazarlama") from the shareholders of the Company on 14 August 2012. Hisarlar Pazarlama was under common control by the Company since the beginning of its operations. In addition, Hisarlar Kabin has been merged with Hisarlar Makina on 2 January 2012 as stated above.

Hisarlar Pazarlama started its operations in 2003 and operates in the import and export, marketing and market research activities of the products of Hisarlar Makina. Hisarlar Pazarlama mainly makes exports of different vehicles, machines and components to Europe and other continents of the world. Hisarlar Pazarlama's customers include firms producing agricultural machines, construction machines, material handling equipments, special purpose vehicles, textile machines, medical equipment and automotives manufacturers. The address of the Hisarlar Pazarlama's registered office is: Eskişehir - Bursa Yolu 20. km. 26550 M.Çukurhisar, Eskişehir, Turkey.

As of 31 December 2016, the Group employed 808 people (31 December 2015: 869).

<u>The approval of the financial statements:</u>

The consolidated financial statements for the 1 January-31 December 2016 period are approved by the Board of Directors and have been granted authorization to be published on the date of 26 May 2017. No authority other than General Assembly has the right to change these financial statements.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

The consolidated financial statements have been prepared on the historical cost basis except for the fair measurement of certain non-current assets.

In order to determine the historical cost, the fair values paid for assets are considered.

2.2 Statement of Compliance

The consolidated financial statements have been prepared in accordance International Financial Reporting Standards ("IFRS").

2.3 Going Concern Assumptions and Management Plans

The consolidated financial statements of the Group are prepared on a going concern basis, which presumes the realization of assets and settlement of liabilities in the normal course of operations and in the foreseeable future. As of 31 December 2016, the Group's short-term liabilities exceeds its current assets by TL 196.170.644(31 December 2015: TL 99.142.923) based on the accompanying consolidated financial statements. In addition, the Group has completed the period ended 31 December 2016 with a net loss of TL 93.700.633(31 December 2015: TL 17.144.371) and total accumulated losses has reached TL 29.291.633 (31 December 2015: TL 13.292.991). Together with the effect of the accumulated losses and period loss, the sum of capital and restricted profit reserves is unsecured due to loss in accordance with Article 376 of Turkish Commercial Law. As of 31 December 2016, the Group is experiencing liquidity problems due to the negative impact of the increase in foreign exchange rates on its loans and the negative operating income due to the maturity increases in sales transactions. Meanwhile, some loans of the Group are subject to certain covenants due to the contracts. According to these covenants, Group shall achieve some performance criterion and shall satisfy specific qualitative and quantitative criterion. As of 31 December 2016, the Group is in breach regarding certain loan covenants and no waiver letter is provided regarding these breaches. As explained in Note 26, some creditors also recalled their loans since the Group could not fulfill its payment obligations. The Group was involved in the strategic partnership process and signed a Letter of Interest. During 2017, the Group has completed strategic partnership agreement with Mahindra Overseas Investment ("Mahindra"). Following the completion of this agreement, all borrowings including EBRD and Nakina loans that were subject to covenants are paid in 30 March 2017. Also Mahindra became new ultimate controlling party for the Group with 75% ownership. As a result of these transactions, the Group management believes that the financial indicators of the Group will be positive and it can continue for the foreseeable future.

2.4 Functional Currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Turkish Lira, which is the functional, and presentation currency of the Company and the reporting currency for the consolidated financial statements.

2.5 Comparative Information and Restatement of Prior Period Consolidated Financial Statements

Where necessary, comparative figures of the consolidated financial statements have been reclassified to conform to changes in presentation of the current period consolidated financial statements. The Group Management considered that it is appropriate to have such reclassification when they provide more relevant information to users of the consolidated financial statements. The nature, amount and reason for the reclassification are described below:

- In 2015, the Group had presented 'Blocked deposits' in the amount of TL 5.873.005 within 'Other Receivables'. In the current year the amount has been reclassified in 'Financial Investments'.
- In 2015, the Group had presented 'Income from sale of fixed asset' in the amount of TL 2.339.875 within 'Other Income From Operating Activities'. In the current year the amount has been reclassified in 'Investment Revenue'.
- In 2015, the Group had presented 'Foreign exchange gains/losses' as gross in 'Other Income From Operating Activities' and 'Other Loss From Operating Activities'. In the current year these balances are netted off amounting to TL 27.490.800.

2.6 Basis of Consolidation

As of 31 December 2016 and 31 December 2015, details of the Company's subsidiary are as follows:

	Group's proportion of ownership and voting power held (%)			
Subsidiary	**2016**	**2015**	**Place of incorporation and operation**	**Principle activity**
Hisarlar Pazarlama	90	90	Eskişehir-Eskişehir	Trading

The accompanying consolidated financial statements include the financial statements of the Company and entity controlled by the Company (its subsidiary). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with those used by other members of the Group.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.7 Changes in the Accounting Policies

Significant changes in accounting policies and accounting errors are applied retrospectively and prior periods financial statements are adjusted accordingly. As of 31 December 2016, the Group has changed its accounting policy regarding the measurement of plant, machinery and equipment and investment properties. This change in accounting policy was carried out by the Company's management in order to present the plant, machinery and equipment and investment properties more accurately in the accompanying financial statements within the scope of the standard "IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors".

The Group presents the effect of transition from cost method to fair value method for plant, machinery and equipment firstly in 31 December 2016 consolidated financial statements, within the scope of "IAS 16 Property, Plant and Equipment", as presented in detail Note 9.

Changes in accounting policy presented for investment properties:

The Group has moved from cost model to fair value model for the measurement of its investment properties starting from 31 December 2016. The Company has not applied this change in accounting policy retrospectively and measured its investment properties with cost model as of 31 December 2015 and fair value model as of 31 December 2016. As of 31 December 2015 the fair value of investment properties was TL 408.318. As of 31 December 2016, the amount of TL 408.318 of the TL 1.619.308, which is the positive difference between the fair value model and the cost model, is recognized in retained earnings, and presented as "the effect of change in accounting policy" in the statement of changes in equity. Remaining portion of the total positive difference between the fair value model and the cost model is recognized in the consolidated statement of profit or loss.

2.8 Changes in Accounting Estimates and Errors

If changes in accounting estimates relate only for one period, changes are applied in the current period but if changes in estimates relate more than one period, changes are applied both in the current and following periods prospectively. There is no significant change in Group's accounting estimates in current year.

2.9 New and Revised International Accounting Standards

a) Amendments to IFRSs affecting amounts reported and/or disclosures in the consolidated financial statements

None.

b) New and revised IFRSs applied with no material effect on the consolidated financial statements

IFRS 14	*Regulatory Deferral Accounts*[1]
Amendments to IFRS 11	*Accounting for Acquisition of Interests in Joint Operations*[1]
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to IAS 16 and IAS 41	*Agriculture: Bearer Plants*[1]
Amendments to IAS 27	*Equity Method in Separate Financial Statements*[1]
Annual Improvements to 2012-2014 Cycle	*IFRS 5, IFRS 7, IAS 19, IAS 34*[1]
Amendments to IAS 1	*Disclosure Initiative*[1]
Amendments to IFRS 10, IFRS 12 and IAS 28	*Investment Entities: Applying the Consolidation Exception*[1]

1 Effective for annual periods beginning on or after 1 January 2016.

IFRS 14 *Regulatory Deferral Accounts*

IFRS 14 Regulatory Deferral Accounts permits an entity, which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements.

IFRS 14 was issued by the IASB on 30 January 2014 and is applied to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2016.

Amendments to IFRS 11 *Accounting for Acquisition of Interests in Joint Operations*

This amendment requires an acquirer of an interest in a joint operation in which the activity constitutes a business to:

- apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11,
- disclose the information required by IFRS 3 and other IFRSs for business combinations.

Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*

This amendment clarifies that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment, and introduces a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated. The amendment also adds guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

Amendments to IAS 16 and IAS 41 *Agriculture: Bearer Plants*

This amendment include 'bearer plants' within the scope of IAS 16 rather than IAS 41, allowing such assets to be accounted for a property, plant and equipment and measured after initial recognition on a cost or revaluation basis in accordance with IAS 16. The amendment also introduces a definition of 'bearer plants' as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales, and clarifies that produce growing on bearer plants remains within the scope of IAS 41.

Amendments to IAS 27 *Equity Method in Separate Financial Statements*

This amendment permits investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

Annual Improvements 2012-2014 Cycle

IFRS 5: Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

IFRS 7: Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.

IAS 19: Clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.

IAS 34: Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference.

Amendments to IAS 1 *Disclosure Initiative*

This amendment addresses perceived impediments to prepares exercising their judgment in presenting their financial reports.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment *Entities: Applying the Consolidation Exception*

This amendment addresses issues that have arisen in the context of applying the consolidation exception for investment entities by clarifying the following points:

- The exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.
- A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.
- When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.
- An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12.

c) <u>New and revised IFRSs in issue but not yet effective</u>

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
Amendments to IAS 12	*Recognition of Deferred Tax Assets for Unrealized Losses*[1]
Amendments to IAS 7	*Disclosure Inıtiative*[1]
IFRS 9	*Financial Instruments* [2]
IFRS 15	*Revenue from Contracts with Customers* [2]
Amendments to IFRS 15	*Revenue from Contracts with Customers* [2]
Amendments to IFRS 2	*Classification and Measurement of Share-Based Payment Transactions* [2]
IFRS 16	*Leases* [3]
Amendments to IFRS 4	*Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts'*
IFRIC 22	*Foreign Currency Transactions and Advance Consideration* [2]
Amendments to IAS 40	*Transfers of Investment Property* [2]
Annual Improvements to IFRS Standards 2014–2016 Cycle	*IFRS 1* [2]*, IFRS 12* [1]*, IAS 28* [2]

1 Effective for annual periods beginning on or after 1 January 2017.
2 Effective for annual periods beginning on or after 1 January 2018.
3 Effective for annual periods beginning on or after 1 January 2019.

Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

This amendment clarifies the treatment of the sale or contribution of assets from an investor to its associate or joint venture.

Amendments to IAS 12 *Recognition of Deferred Tax Assets for Unrealized Losses*

This amendment clarifies the following aspects:

- Unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilization of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

Amendments to IAS 7 *Disclosure Inıtiative*

This amendment clarifies that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

IFRS 9 *Financial Instruments*

IFRS 9, issued in November 2009, introduces new requirements for the classification and measurement of financial assets. IFRS 9 is 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 is 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.

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer,
- Identify the performance obligations in the contract,
- Determine the transaction price,
- Allocate the transaction price to the performance obligations in the contracts,
- Recognise revenue when the entity satisfies a performance obligation.

Amendments to IFRS 15 *Revenue from Contracts with Customers*

This amendment clarifies three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and provides some transition relief for modified contracts and completed contracts.

Amendments to IFRS 2 *Classification and Measurement of Share-Based Payment Transactions*

This amendment clarifies the standard in relation to the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity settled.

IFRS 16 *Leases*

This 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 1 January 2019, with earlier adoption permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied.

Amendments to IFRS 4 *Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts'*

This amendment provides optional approaches for entities that issue insurance contracts within the scope of IFRS 4, and the entities are permitted to stop applying them before the new insurance standard is applied.

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 recognizes 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.

The Interpretations Committee came to the following conclusion:

- The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability.
- If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

Amendments to IAS 40 *Transfers of Investment Property*

The 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 list of examples of evidence in paragraph 57(a) – (d) is now presented as a non-exhaustive list of examples instead of the previous exhaustive list.

Annual Improvements to IFRS Standards 2014–2016 Cycle

- **IFRS 1:** Deletes the short-term exemptions in paragraphs E3–E7 of IFRS 1, because they have now served their intended purpose.
- **IFRS 12:** Clarifies the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10–B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.
- **IAS 28:** Clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

2.10 Summary of Significant Accounting Policies

Related Parties

A related party is a person or entity that is related to the entity that is preparing its financial statements

a) A person or a close member of that person's family is related to a reporting entity if that person:
   (i) has control or joint control over the reporting entity;
   (ii) has significant influence over the reporting entity; or
   (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:
   (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
   (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
   (iii) Both entities are joint ventures of the same third party.
   (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
   (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
   (vi) The entity is controlled or jointly controlled by a person identified in (a).
   (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Revenue

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 recognized when the goods are delivered and titles have passed, at which time all the time following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group 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.

Interest revenue

Interest revenue 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.

Rental income

Rental income is recognized on a straight-line basis over the term of the relevant lease.

Inventories

Inventories are stated at the lower of cost or net realizable value. The cost of inventories is determined on a weighted average basis. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make a sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of income/(loss) in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

Property, plant and equipment

As of 31 December 2010, land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated at cost and depreciation has been recorded for buildings. Starting from 31 December 2011, these assets are stated in the balance sheet at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. As explained in Note 2.7, starting from 31 December 2016, plant, machinery and equipment are also stated in the balance sheet at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value at the date of revaluation is the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction. Fair value determination is based on the market and cost approaches using quoted market prices for similar items when available and in some cases, using replacement cost when appropriate.

Any revaluation increase arising on the revaluation of such land, buildings and plant, machinery and equipment is credited in equity to the properties revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land, buildings and plant, machinery and equipment is charged to profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings and plant, machinery and equipment is charged to profit or loss. On the subsequent sale or retirement of a revalued property, the related revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognized.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees. 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 not depreciated. Motor vehicles, furniture and fixtures, and leasehold improvements are carried at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method. 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.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

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 and is recognized in profit or loss.

Leasing

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.

The Group as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Intangible assets

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (3-5 years).

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized 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 recognized for internally-generated intangible assets is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group 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 Group 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 to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or 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 recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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 recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized 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.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Financial instruments

Financial assets

All financial assets are recognized and derecognized on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value, plus transaction costs except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets as ‘at fair value through profit or loss’ , ‘held-to-maturity investments’, ‘available-for-sale’ financial assets and ‘loans and receivables’.

Effective interest method

The effective interest method is a method of calculating the amortized 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.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as ‘loans and receivables’. Loans and receivables are measured at amortized cost using the effective interest method less any impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities

Financial liabilities at Fair value through Profit or Loss

Financial liabilities are classified as at fair value through profit or loss where the financial liability is either held for trading or it is designated as at fair value through profit or loss. Financial liabilities at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

Entities under common control

90% of the shares of Hisarlar Pazarlama were acquired by the Company from the shareholders of the Company on 14 August 2012. The acquired subsidiary was under common control by the Company since the beginning of its operations and is accounted for by use of the pooling of interest method. This application is based on management judgement that this treatment is the best way to present the economic substance of the transaction because there is no independent third party involved and hence measurement of the fair value is very difficult and, therefore meets the criteria of IAS 8.10-12. IAS 8.10 states that “In the absence of a standard or an interpretation that specifically applies to a transaction, other event or condition, management shall use its judgement in developing and applying an accounting policy that result in information that is: (a) relevant to the economic decision-making needs of users; and (b) reliable, in that financial statements.

IAS 8.12 states that; in making the judgement described in paragraph 10, management may also consider the most recent pronouncement of other standard-setting bodies that use a similar conceptual framework to develop accounting standards, other accounting literature, and accepted industrial practices, to the extent that these do not conflict with the sources in paragraph 11.

Foreign currency transactions

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in TL, which is the functional currency of the Group, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than TL (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on 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. Gains and losses arising on settlement and translation of foreign currency items are included in the consolidated statement of comprehensive income.

Exchange differences 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 where 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 (see below for hedging accounting policies); and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

Events after the reporting period

Events after the reporting period are those events that occur between the balance sheet date and the date when the financial statements are authorized for issue, even if they occur after an announcement related with the profit for the year or public disclosure of other selected financial information.

The Group adjusts the amounts recognized in its financial statements if adjusting events occur after the balance sheet date.

Provisions, Contingent Assets and Liabilities

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

Investment property

The Group has moved from cost model to fair value model for the measurement of its investment properties starting from 31 December 2016. The Company has not applied this change in accounting policy retrospectively and measured its investment properties with cost model as of 31 December 2015 and fair value model as of 31 December 2016. As of 31 December 2015 the fair value of investment properties was TL 408.318. As of 31 December 2016, the amount of TL 408.318 of the TL 1.619.308, which is the positive difference between the fair value model and the cost model, is recognized in retained earnings, and presented as “the effect of change in accounting policy” in the statement of changes in equity. Remaining portion of the total positive difference between the fair value model and the cost model is recognized in the consolidated statement of profit or loss.

Investment properties are properties held to earn rentals and/or for capital appreciation, including property under construction for such purposes. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the year in which they arise.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from disposal. Any gain or loss arising on derecognition of the property is included in profit or loss in the period in which the property is derecognized.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property that is measured at fair value to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property that is measured at fair value, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

No assets held under operating lease have been classified as investment properties.

Taxation and deferred income taxes

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 as reported in the comprehensive income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. 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 reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Current and deferred tax for the period

Current and deferred tax are recognized as in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity.

Employment benefits

Termination and retirement benefits

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Company. Such payments are considered as being part of defined retirement benefit plan as per International Accounting Standard No. 19 (revised) "Employee Benefits" ("IAS 19").

The retirement benefit obligation recognized in the consolidated financial statements represents the present value of the defined benefit obligation. Calculated whole actuarial gains and loses are recognized in other comprehensive income.

Statement of cash flows

Current period statement of cash flows is categorized and reported as operating, investing and financing.

Share capital and dividends

Common shares are classified as equity. Dividends on common shares are recognised in equity in the period in which they are approved and declared.

2.11 Critical accounting judgments and key sources of estimation uncertainty

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is discussed below:

Useful lives of property, plant and equipment and intangible assets

The Group reviews the estimated useful lives of its property, plant and equipment and intangible assets at the end of each reporting period. The Group takes into consideration the intended use of the property, plant and equipment and intangible assets, the advancement in technology related to the particular type of property, plant and equipment as well as other factors that may require management to extend or shorten the useful lives and the assets' related depreciation.

The Group considers the useful lives of property, plant and equipment and intangible assets as described in Note 9 and 10.

Determination of fair values of property, plant and equipment

The fair values of property, plant and equipment are based on valuations, performed by independent valuers, who hold recognized and relevant professional qualifications. The valuations are based primarily on comparable fair market value of lands and, estimating costs to rebuild the building in the new economic conditions.

Internally-generated intangible assets

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized only if the technical feasibility and the intention to complete the intangible asset, the ability to use or sell the intangible asset are demonstrated, how the intangible asset will generate probable future economic benefits is determined, adequate technical, financial and other resources to complete the development and to use or sell the intangible asset is available and the expenditure attributable to the intangible asset during its development can be reliably measured. Other development expenditures that do not meet these criteria are recognized as expense when incurred. The Group Management considers that the internally-generated intangible assets will generate economic benefits and management is confident that the carrying amount of the assets will be recovered in full.

Deferred taxes

Deferred tax assets and liabilities are recorded using substantially enacted tax rates for the effect of temporary differences between book and tax bases of assets and liabilities. Based on available evidence, both positive and negative, it is determined whether it is probable that all or a portion of the deferred tax assets will be realized. If based on the weight of all available evidence, it is the Group's belief that taxable profit will not be available sufficient to utilize some portion of these deferred tax assets, then some portion of or all of the deferred tax assets is not recognized.

3. INTERESTS IN OTHER ENTITIES

a) Subsidiaries

Details of the Group's material joint ventures as of 31 December 2016 and 2015 are as follows:

			Proportion of ownership interest and (%)	
Name of subsidiary	**Operation**	**Place of incorporation and operation**	**31 December 2016**	31 December 2015
Hisarlar Pazarlama	Trade	Eskişehir	**90**	90

Details of non-wholly owned subsidiaries that have material non-controlling interests:

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

		Proportion of ownership interest and voting rights held by non-controlling interests		**Profit/(loss) allocated to non-controlling interests**		**Accumulated non-controlling interests**	
Name of subsidiary	**Place of incorporation and operation**	**31 December 2016**	31 December 2015	**1 January-31 December 2016**	1 January-31 December 2015	**31 December 2016**	31 December 2015
Hisarlar Pazarlama (i)	Türkiye	**%10**	%10	**(213.653)**	(737.411)	**(365.945)**	(152.292)

i) Group owns 90% of the shares of Hisarlar Pazarlama. Also, the Group has the authority to change and assign the majority of Hisarlar Pazarlama's board of directors. The related activities of Hisarlar Pazarlama are determined by the board of directors on the basis of majority of votes.

Summarized 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.

	2016	2015
	Hisarlar Pazarlama	Hisarlar Pazarlama
Current assets	**7.354.989**	13.447.644
Non current assets	**2.536.190**	–
Current liabilities	**(13.559.043)**	(4.450.494)
Non current liabilities	**–**	(10.520.070)
Equity attributable to owners of the Company	**3.301.919**	1.370.628

	2016	2015
	Hisarlar Pazarlama	Hisarlar Pazarlama
Non controlling interests	**365.945**	152.292
Revenue	**73.083.836**	69.163.893
Expenses	**(75.220.370)**	(76.537.994)
Profit/loss for the year	**(2.136.534)**	(7.374.101)
Profit/loss for the year attributable to:		
Owners of the Company	**(1.922.881)**	(6.636.690)
Non controlling interests	**(213.653)**	(737.411)
Profit/loss for the year	**(2.136.534)**	(7.374.101)
Total comprehensive income for the year attributable to:		
Owners of the Company	**(1.922.881)**	(6.636.690)
Non controlling interests	**(213.653)**	(737.411)
Total comprehensive income	**(2.136.534)**	(7.374.101)

b) Associates

TZ Araştırma Geliştirme Sanayi ve Ticaret A.Ş. ("TZ Araştırma") was established in August 2015 and the Company is participated by %24. The total capital of TZ Araştırma is TL 50.000. As of 31 December 2015, TZ Araştırma is not included in consolidation since the entity does not have material operations and it is presented at cost under non-current 'Financial Assets'.In 2016 the Group has transferred its all shares to Zafer Türker.

4. RELATED PARTY TRANSACTIONS

The non-trade receivables from related parties arise mainly from financial needs of the related parties and are due in 60 days. The receivables are unsecured in nature and bear no interest.

The trade payables to related parties arise mainly from purchase transactions and are due two months after the date of purchase. The payables bear no interest and are payable under normal terms.

The non-trade payables to related parties arise mainly from financial needs of the Group and are due in 120 days. The payables are unsecured in nature and bear no interest.

	31 December 2016				31 December 2015	
	Receivables Short Term		**Payables Short Term**		Receivables Short Term	Payables Short Term
Balances with related parties	**Trade**	**Non-Trade**	**Trade**	**Non-Trade**	Non- Trade	Trade
Other companies managed by the main partner						
Senkron Spor Aletleri Ltd. Şti.	**–**	**2.719.956**	**–**	**–**	2.731.396	–
Hiscar Oto. End. San. ve Tic. A.Ş.	**–**	**–**	**–**	**35.122**	4.949.201	1.604.689
Hisbim Bil. ve İlet. Tek. San. ve Tic. A.Ş. (*)	**–**	**–**	**1.951.408**	**–**	643.849	–
Hisnak Ltd. Şti.	**–**	**–**	**1.178.782**	**–**	–	643.096
Fazlı Türker	**–**	**–**	**–**	**421.961**		
Mustafa Türker	**–**	**–**	**–**	**821**	10.019	–
Hasan Türker	**–**	**–**	**–**	**3.172**	–	–
Zafer Türker	**–**	**–**	**–**	**664.230**	–	–
Ejder Mak. San.Tic.A.Ş.	**–**	**–**	**4.241.960**	**–**	–	–
TZ Araştırma Geliş. San.ve Ticaret A.Ş.	**1.645.992**	**–**	**–**	**–**	–	–
	1.645.992	**2.719.956**	**7.372.150**	**1.125.306**	8.334.465	2.247.785

(*) According to loan agreement made between the Investors and the Company, all trading and business relationships with Hisbim Bil. ve İlet. Tek. San. ve Tic. A.Ş. shall not exceed EUR 500.000.

Compensation of key management personnel during the period as follows:

	1 January-31 December 2016	1 January-31 December 2015
Salaries and other short term benefits	**911.047**	1.907.001
	911.047	1.907.001

	1 January - 31 December 2016			
Transactions with related parties	**Purchases**	**Sales**	**Intangible Asset Purchase**	**Other expense**
Senkron Spor Aletleri Ltd. Şti.	**–**	**–**	**–**	**12.500**
Hiscar Oto. End. San. ve Tic. A.Ş.	**–**	**1.603.736**	**–**	**12.325**
Hisbim Bil. ve İlet. Tek. San. ve Tic. A.Ş.	**–**	**–**	**3.287.769**	**–**
Hisnak Ltd. Şti.	**753.643**	**250.081**	**–**	**2.960.049**
Ejder Mak. San.Tic.A.Ş.	**8.385.014**	**4.100.772**	**–**	**–**
TZ Araştırma Geliş. San.ve Ticaret A.Ş.	**1.807.401**	**795.498**	**–**	**–**
	10.946.058	**6.750.087**	**3.287.769**	**2.984.874**

	1 January - 31 December 2015			
Transactions with related parties	Purchases	Sales	Rent income	Other income
Senkron Spor Aletleri Ltd. Şti.	208.393	–	–	–
Hiscar Oto. End. San. ve Tic. A.Ş.	775.255	657.057	–	–
Hisbim Bil. ve İlet. Tek. San. ve Tic. A.Ş.	1.394.400	–	5.700	–
Hisnak Ltd. Şti.	2.601.359	–		–
	4.979.407	657.057	5.700	–

5. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables:

As at the balance sheet date, trade receivables of the Group are summarized below:

	31 December 2016	31 December 2015
Current trade receivables		
Trade receivables	**26.557.311**	51.325.131
Notes receivable	**21.304.226**	42.734.205
Trade receivables from related parties (Note 5)	**1.645.992**	–
Allowance for doubtful receivables (-)	**(13.522.560)**	(10.963.281)
	35.984.969	83.096.055

	31 December 2016	31 December 2015
Non-current trade receivables		
Notes receivables	**–**	527.513
	–	527.513

The average credit period is 130 days (31 December 2015: 122 days). No interest is charged for the overdue trade receivables. No collateral is received for trade receivables.

As of 31 December 2016, trade receivables of TL 13.522.560 (31 December 2015: TL10.963.281) were considered as impaired and a provision was provided for these trade receivables.

Movement in the allowance for doubtful receivables are as follows:

	1 January- 31 December 2016	1 January- 31 December 2015
Balance at beginning of the year, 1 January	**10.963.281**	192.272
Period charge	**2.559.279**	10.771.009
Closing balance, 31 December	**13.522.560**	10.963.281

Explanations on nature and level of risks of trade receivables are disclosed in Note 24.

b) Trade Payables:

As of balance sheet date, the details of the Group's trade payables are as follows:

Short term trade payables	**31 December 2016**	31 December 2015
Trade payables	**37.647.607**	26.242.745
Notes payables	**61.198.683**	45.996.049
Trade payables to related parties (Note: 4)	**7.372.150**	2.247.785
Expense accruals	**7.371**	–
	106.225.811	74.486.579

The average credit period on purchases of goods and services is 179 days and no interest is charged by vendors on the outstanding balance (31 December 2015: 90-120 days).

6. OTHER RECEIVABLES AND PAYABLES

a) Other Receivables:

Other Current Receivables	**31 December 2016**	31 December 2015
Deposits and guarantees given	**219.978**	26.559
Non-trade receivables from related party (Note: 4)	**2.719.956**	8.334.465
Due from personnel	**71.846**	15.811
Other current receivables	**950.047**	999.095
	3.961.827	9.375.930

Other Non-current Receivables	**31 December 2016**	31 December 2015
Deposits and guarantees given	**88.000**	46.984
	88.000	46.984

b) Other Payables:

Other Current Payables	**31 December 2016**	31 December 2015
Social security premiums payable	**–**	129.214
Non-trade payables from related party (Note: 4)	**1.125.306**	–
Other payables	**–**	142.021
	1.125.306	271.235

7. INVENTORIES

	31 December 2016	31 December 2015
Raw materials	**12.207.943**	17.685.898
Work in process	**4.563.084**	19.131.927
Finished goods	**2.455.216**	7.279.182
Trade goods	**2.175.233**	3.881.527
Other inventory	**43.849**	81.245
	21.445.325	48.059.779

8. PREPAID EXPENSES AND DEFERRED INCOME

a) Prepaid expenses:

Short Term Prepaid Expenses	31 December 2016	31 December 2015
Advances given for purchasing of inventories	**6.346.868**	8.669.967
Prepaid expenses (*)	**650.587**	750.227
Advances given for business purposes	**614.458**	79.798
	7.611.913	9.499.992

Long Term Prepaid Expenses	31 December 2016	31 December 2015
Prepaid expenses (*)	**1.627.896**	2.279.054
	1.627.896	2.279.054

(*) As of 31 December 2016, TL1.627.896 (31 December 2015: TL2.279.054) of long term prepaid expenses and TL 650.587 (31 December 2015: TL 750.227) of short term prepaid expenses of supplemental fee as specified in the loan agreement made between the Company and EBRD and Nakina. Since these prepayments are directly attributable to the loans obtained, they will be recorded as expense based on the maturities of the loans obtained.

b) Deferred Income:

Short Term Deferred Income	31 December 2016	31 December 2015
Order advances received	**10.251.758**	6.886.785
Unearned Revenue	**5.101**	–
	10.256.859	6.886.785

9. PROPERTY, PLANT AND EQUIPMENT

	Land (*)	Buildings (*)	Plant, Machinery and Equipment (*) (**)	Motor Vehicles	Furniture and Fixture	Leasehold Improvements	Construction in Progress	Total
Cost Value								
Opening balance as of 1 January 2016	**2.922.669**	**43.454.656**	**72.966.557**	**996.345**	**4.712.933**	**259.454**	**23.000.567**	**148.313.181**
Additions	**–**	**–**	**5.916.997**	**–**	**66.815**	**–**	**18.224.044**	**24.207.856**
Disposals	**–**	**(891.948)**	**(81.753)**	**–**	**–**	**–**	**–**	**(973.701)**
Transfers from CIP	**–**	**–**	**–**	**–**	**–**	**–**	**(142.986)**	**(142.986)**
Written off fixtures	**–**	**–**	**(19.561.930)**	**–**	**–**	**–**	**–**	**(19.561.930)**
Fair value losses	**–**	**(13.647.419)**	**–**	**–**	**–**	**–**	**–**	**(13.647.419)**
Revaluation effect	**12.071.331**	**(5.781.513)**	**13.231.832**	**–**	**–**	**–**	**–**	**31.084.676**
Closing balance as of 31 December 2016	**14.994.000**	**34.696.802**	**72.471.703**	**996.345**	**4.779.748**	**259.454**	**41.081.625**	**169.279.677**
Accumulated Depreciation								
Opening balance as of 1 January 2016	**–**	**(4.108.932)**	**(44.030.384)**	**(804.800)**	**(3.195.303)**	**(139.301)**	**–**	**(52.278.720)**
Charge for the year	**–**	**(311.870)**	**(7.083.989)**	**(79.536)**	**(251.940)**	**(17.568)**	**–**	**(7.744.903)**
Disposals	**–**	**–**	**42.374**	**–**	**–**	**–**	**–**	**42.374**
Written off fixtures	**–**	**–**	**15.084.677**	**–**	**–**	**–**	**–**	**15.084.677**
Closing balance as of 31 December 2016	**–**	**(4.420.802)**	**(35.987.322)**	**(884.336)**	**(3.447.243)**	**(156.869)**	**–**	**(44.896.572)**
Carrying value as of 31 December 2016	**14.994.000**	**30.276.000**	**36.484.381**	**112.009**	**1.332.505**	**102.585**	**41.081.625**	**124.383.105**

(*) The Group has pledged first degree mortgage on the land, buildings and plant, machinery and equipment in Tepebaşı/Eskişehir amounting to TL 90.627.268 as a guarantee for the borrowings.

(**) Cost of machinery acquired through finance lease agreements amount to TL 21.410.250. TL 1.901.250 of this amount corresponds to machinery acquired in 2016.

	Land (*)	Buildings (*)	Plant, Machinery and Equipment (*) (**)	Motor Vehicles	Furniture and Fixture	Leasehold Improvements	Construction in Progress	Total
Cost Value								
Opening balance as of 1 January 2015	2.653.769	43.322.539	67.846.243	916.882	4.458.762	259.454	10.067.894	129.525.543
Additions	268.900	132.117	5.501.221	79.463	254.171	–	17.453.821	23.689.693
Disposals	–	–	(380.907)	–	–	–	–	(380.907)
Transfers	–	–	–	–	–	–	(4.521.148)	(4.521.148)
Closing balance as of 31 December 2015	2.922.669	43.454.656	72.966.557	996.345	4.712.933	259.454	23.000.567	148.313.181
Accumulated Depreciation								
Opening balance as of 1 January 2015	–	(3.084.612)	(37.786.908)	(723.526)	(2.728.111)	(121.733)	–	(44.444.890)
Charge for the year	–	(1.024.320)	(6.319.657)	(81.274)	(467.192)	(17.568)	–	(7.910.011)
Disposals	–	–	76.181	–	–	–	–	76.181
Closing balance as of 31 December 2015	–	(4.108.932)	(44.030.384)	(804.800)	(3.195.303)	(139.301)	–	(52.278.720)
Carrying value as of 31 December 2015	2.922.669	39.345.724	28.936.173	191.545	1.517.630	120.153	23.000.567	96.034.461

(*) The Group has pledged first degree mortgage on the lands, buildings and plant machinery and equipments in Tepebaşı/Eskişehir amounting to TL 90.627.268 as a guarantee for the borrowings.
(**) Cost of machinery acquired through finance lease agreements amount to TL 19.509.000. TL 5.148.500 of this amount corresponds to machinery acquired in 2015.

The following useful lives are used in the calculation of depreciation:

	Useful life
Buildings	50 years
Plant, machinery and equipment	5 – 12 years
Motor vehicles	5 years
Furniture and fixtures	3 – 10 years
Leasehold improvements	12 – 15 years

Depreciation expense of TL 7.398.443 has been charged to cost of sales (31 December 2015: TL 7.594.929), TL 26.713 to selling and marketing expenses (31 December 2015: TL 7.291) and TL 319.747 to general administrative expenses (31 December 2015: TL 307.791).

An independent valuation on the Group's land, buildings and machinery was done by Vera Gayrimenkul Değerleme ve Danışmanlık A.Ş., independent valuers not connected with the Group, on 8 December 2016. Vera Gayrimenkul Değerleme ve Danışmanlık A.Ş. is one of the accredited independent valuers by the Capital Markets Board of Turkey. Fair values of the Group's land were estimated based on valuation techniques which conform to International Valuation Standards in main principles which take into account comparable fair market value of land that share similar characteristics to the Group's assets. For the determination of fair value of buildings, cost method has been applied. Cost method includes estimating the costs to rebuild the building in the new economic conditions. Physical condition, maintenance, performance, position in the sector and storage capacity factors which may effect the fair value are considered, detailed market research is performed and current economic conditions for the country is considered for property, plant and equipment. The fair value hierarchy level of these lands and buildings are level 2.

If land, buildings and plant, machinery and equipment were stated on the historical cost basis, the amounts would be as follows:

	31 December 2016	31 December 2015
Cost	**102.541.025**	38.840.125
Accumulated depreciation	**(40.408.125)**	(3.504.447)
Net book value	**62.132.900**	35.335.678

10. INTANGIBLE ASSETS

Cost Value	Capitalized development costs	Rights	Total
Opening balance as of 1 January 2015	6.571.623	8.896.273	15.467.896
Additions	–	1.429.814	1.429.814
Disposals	(2.142.781)	–	(2.142.781)
Transfers from constructions in progress	4.521.148	–	4.521.148
Closing balance as of 31 December 2015	8.949.990	10.326.087	19.276.077
Accumulated Amortization			
Opening balance as of 1 January 2015	(2.707.336)	(4.362.044)	(7.069.380)
Charge of the year	(1.654.129)	(1.659.074)	(3.313.203)
Disposals	319.196	–	319.196
Closing balance as of 31 December 2015	(4.042.269)	(6.021.118)	(10.063.387)
Carrying value as of 31 December 2015	4.907.721	4.304.969	9.212.690

	Capitalized development costs	**Rights**	**Total**
Cost Value			**–**
Opening balance as of 1 January 2016	**8.949.990**	**10.326.087**	**19.276.077**
Additions	**–**	**3.287.769**	**3.287.769**
Disposals	**(507.781)**	**–**	**(507.781)**

	Capitalized development costs	Rights	Total
Transfers from constructions in progress	**142.986**	**–**	**142.986**
Closing balance as of 31 December 2016	**8.585.195**	**13.613.856**	**22.199.051**
Accumulated Amortization			
Opening balance as of 1 January 2016	**(4.042.269)**	**(6.021.118)**	**(10.063.387)**
Charge of the year	**(1.552.955)**	**(1.210.564)**	**(2.763.519)**
Disposals	**19.457**	**–**	**19.457**
Closing balance as of 31 December 2016	**(5.575.767)**	**(7.231.682)**	**(12.807.449)**
Carrying value as of 31 December 2016	**3.009.428**	**6.382.174**	**9.391.602**

The following useful lives are used in the calculation of depreciation:

	Useful life
Capitalised development costs	5 years
Other intangible assets	3 – 5 years

Amortization expense of TL 2.639.896 has been charged to cost of sales (31 December 2015: TL 3.181.227), TL 9.531 to selling and marketing expenses (31 December 2015: TL 3.054) and TL 114.092 to administrative expenses (31 December 2015: TL 128.922).

11. INVESTMENT PROPERTY

	1 January-31 December 2016	1 January-31 December 2015
Opening value	**1.643.000**	23.692
Closing value	**1.643.000**	23.692

Investment properties of the Group are composed of several lands located in Eskişehir.

The fair value of the Group's investment property has been arrived at on the basis of a valuation carried out by Vera Gayrimenkul Değerleme ve Danışmanlık A.Ş., independent valuers not connected with the Group, on 8 December 2016. Vera Gayrimenkul Değerleme ve Danışmanlık A.Ş. is one of the accredited independent valuers by the Capital Markets Board of Turkey. The valuation, which conforms to International Valuation Standards in main principles, was arrived at by reference to market evidence of transaction prices for similar properties. The fair value hierarchy level of these assets are level 2.

12. COMMITMENTS AND CONTINGENCIES

Guarantees, Pledges and Mortgages ("GPM") position of the Company as of 31 December 2016 and 31 December 2015 are as follows:

31 December 2016	**TL equivalent**
A. Total Amount of GPM given on behalf of the legal entity	
– *Letters of guarantee*	**275.000**
– *Mortgages*	**90.627.268**
Total	**90.902.268**

31 December 2015	TL equivalent
A. Total Amount of GPM given on behalf of the legal entity	
– *Letters of guarantee*	1.536.889
– *Mortgages*	90.627.268
Total	92.164.157

13. EMPLOYEE BENEFITS

Payables related to employee benefits

	31 December 2016	31 December 2015
Due to personnel	**6.262.849**	2.035.244
Social security premiums payable	**263.686**	822.287
	6.526.535	2.857.531

Short-term provisions for employee benefits

	31 December 2016	31 December 2015
Provision for unused vacation	**805.614**	1.031.434
	805.614	1.031.434

Long-term provisions for employee benefits

Under Turkish Labor Law, the Group is required to pay termination benefits to each employee who has completed certain years of service and whose employment is terminated without due cause, is called up for military service, dies or achieves the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of TL 4.297,21 (2015: TL 3.828,37) for each period of service at 31 December 2016.

Retirement pay liability is not subject to any kind of funding legally. Provision for retirement pay liability is calculated by estimating the present value of probable liability amount arising due to retirement of employees. IAS 19 *Employee Benefits* stipulates the development of company's liabilities by using actuarial valuation methods under defined benefit plans. In this direction, actuarial assumptions used in calculation of total liabilities are described as follows:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2016, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated with the assumption of an annual inflation rate of 7% and a discount rate of 11,5%, resulting in a real discount rate of approximately 4,21% (31 December 2015: discount rate of approximately 4,72%). Estimated amount of retirement pay not paid due to voluntary leaves and retained in the Company is also taken into consideration. The rate of voluntary leaves and retained in the Company is taken between %0 for 0-15 years employee and %14,51 for more than 16 years employees. Ceilig for retirement pay is revised semi-annually. Ceiling amount of TL 4.426,16(31 December 2015: 4.092,53) which is in effect since 1 January 2017 is used in the calculation of Group's provision for retirement pay liability.

Long-term provisions for employee benefits

	1 January-31 December 2016	1 January-31 December 2015
Provision at 1 January	**5.618.964**	3.106.611
Service cost	**4.008.939**	1.311.877
Interest cost	**265.772**	116.276
Termination benefits paid	**(987.081)**	(1.167.287)
Actuarial (gain)/loss	**(971.614)**	2.251.487
Provision at 31 December	**7.934.980**	5.618.964

14. OTHER ASSETS AND LIABILITIES

a) Other Assets:

	31 December 2016	31 December 2015
Other Current Assets		
VAT carried forward	**184.117**	–
	184.117	–

b) Other Liabilities:

	31 December 2016	31 December 2015
Other Current Liabilities		
Taxes and dues payable	**9.336.936**	481.087
Other current liabilities	**117.561**	–
	9.454.497	481.087

15. PROVISIONS

	31 March 2016	31 December 2015
Provisions		
Provision for employee litigation	**1.640.921**	–
	1.640.921	–

16. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

As of 31 December 2016 and 31 December 2015 the share capital held is as follows:

Shareholders	**%**	**31 December 2016**	%	31 December 2015
Fazlı Türker	**60,7**	**18.720.000**	60,7	18.720.000
Hayrullah Türker	**15,9**	**4.910.282**	15,9	4.910.282
Mustafa Türker	**4,5**	**1.402.934**	4,5	1.402.934
Hasan Türker	**2,3**	**701.480**	2,3	701.480
Raşit Türker	**<1**	**22.750**	<1	22.750
Zafer Türker	**<1**	**242.554**	<1	242.554
European Bank For Reconstruction and Development	**7,14**	**2.201.014**	7,14	2.201.014
Nakina Finance S.A.R.L.	**8,56**	**2.641.216**	8,56	2.641.216
Nominal capital	**100**	**30.842.230**	100	30.842.230
Inflation Adjustment		**(1.334.655)**		(1.334.655)
Adjustment capital		**29.507.575**		29.507.575

The total number of ordinary shares authorized is 616.844.603 (2015: 616.844.603 shares) with a par value of TL 0,05 per share (2015: TL 0,05 per share).

Restricted profit reserves

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions.

	31 December 2016	31 December 2015
Legal reserves	**2.559.932**	2.559.932
	2.559.932	2.559.932

17. REVENUE AND COST OF SALES

a) Sales	**1 January-31 December 2016**	1 January-31 December 2015
Domestic Sales	**109.808.413**	135.622.083
Export Sales	**75.027.060**	70.245.441
Other income	**2.138.196**	1.660.676
	186.973.669	207.528.200

b) Cost of Sales	**1 January-31 December 2016**	1 January-31 December 2015
Raw materials used	**(100.875.658)**	(107.806.677)
Employee benefits expenses	**(23.745.160)**	(21.804.151)
Production overheads	**(18.902.554)**	(19.936.982)
Depreciation and amortization expenses	**(10.038.339)**	(10.778.736)
Change in work-in-progress inventories	**(14.568.843)**	3.932.414
Change in finished goods inventories	**(4.823.966)**	2.871.483
	(172.954.520)	(153.522.649)
Cost of merchandises sold	**(30.750.343)**	(23.370.562)
Cost of services rendered	**(1.715.094)**	(1.755.897)
	(205.419.957)	(178.649.108)

18. GENERAL ADMINISTRATIVE EXPENSES AND MARKETING EXPENSES

	1 January-31 December 2016	1 January-31 December 2015
General administrative expenses(-)	**(12.253.866)**	(18.795.908)
Marketing, selling and distribution expenses (-)	**(4.236.750)**	(5.670.878)
	(16.490.616)	(24.466.786)

a) Details of General Administrative Expenses	**1 January–31 December 2016**	1 January–31 December 2015
Expense from doubtful receivable provision	**(2.559.279)**	(10.771.009)
Employee benefit expenses	**(5.110.373)**	(5.170.579)
Depreciation and amortization expenses	**(433.839)**	(436.713)
Rent expenses	**(121.077)**	(366.562)
Transportation expenses	**(103.967)**	(145.112)
Consulting expenses	**(714.615)**	(737.331)
Cleaning expenses	**(63.636)**	(51.379)
Maintenance expenses	**(87.093)**	(9.495)
Meal expenses	**(121.410)**	(157.574)
Vehicle expenses	**(277.506)**	(13.043)
Communication expenses	**(94.197)**	(152.149)
Travel expenses	**(126.166)**	(146.135)
Taxes, dues and payables	**(260.245)**	(114.173)
Training expenses	**(81.433)**	(55.464)
Outsourcing expenses	**(1.694)**	(183.270)
Other administrative expenses	**(456.414)**	(285.920)
Provision for employee litigation	**(1.640.922)**	–
	(12.253.866)	(18.795.908)

b) Details of Marketing Expenses	**1 January-31 December 2016**	1 January-31 December 2015
Employee benefit expenses	**(1.927.139)**	(2.263.504)
Depreciation and amortization expenses	**(36.243)**	(10.345)
Rent expenses	**(207.213)**	(185.578)
Transportation expenses	**–**	(74.949)
Consulting expenses	**(85.110)**	(446.889)
Advertisement expenses	**(157.147)**	(245.205)
Insurance expenses	**(45.185)**	(36.692)
Training expenses	**(43.994)**	(3.742)
Travel expenses	**(988.616)**	(1.146.963)
Fuel oil expenses	**(66.077)**	(148.908)
Commission expenses	**(52.721)**	(232.454)
Custom expenses	**(6.530)**	(11.901)
Maintenance expenses	**(199.685)**	(209.198)
Outsourcing expenses	**(51.709)**	(69.185)
Other marketing and sales expenses	**(369.381)**	(585.365)
	(4.236.750)	(5.670.878)

19. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

The details of other income from operating activities for the years ended 31 December 2016 and 2015 are as follows:

Income/Profit from Other Operations	**1 January-31 December 2016**	1 January-31 December 2015
Foreign exchange gains from operations	**–**	836.049
Discounted interest income	**3.496.977**	720.972
Rent income	**–**	32.000
Gains from insurance claims	**82.746**	52.518
Maturity difference income	**2.339.495**	559.313
Other income	**3.974.045**	2.102.033
	9.893.263	4.302.885

Expense/Loss from Other Operations	**1 January-31 December 2016**	1 January-31 December 2015
Foreign exchange losses from operations	**(2.994.232)**	–
Interest expense due to discounts	**(1.708.647)**	(457.649)
Provision expenses	**–**	(54.476)
Maturity difference expense	**(6.855.817)**	–
Expense from writing off fixed assets	**(4.477.253)**	–
Stock amnesty	**(4.512.060)**	–
Written off receivables	**(3.947.126)**	–
Other expenses	**(1.749.317)**	(1.506.098)
	(26.244.452)	(2.018.223)

20. INCOME AND EXPENSES FROM INVESTING ACTIVITIES

a) Investment Revenue

	1 January-31 December 2016	1 January-31 December 2015
Gain on disposal of property, plant and equipment	**778.335**	2.340.994
Change in fair value of investment property	**1.210.990**	–
Other income	**5.135**	–
	1.994.460	2.340.994

b) Expenses from Investing Activities

	1 January-31 December 2016	1 January-31 December 2015
Loss on fair value of plant, property and equipment	**(13.647.419)**	–
Loss on disposal of property, plant and equipment	**(198.556)**	(403.387)
	(13.845.975)	(403.387)

21. FINANCE EXPENSES

	1 January-31 December 2016	1 January-31 December 2015
Interest on bank overdrafts and loans	**(15.432.843)**	(11.915.333)
Interest on obligations under finance leases	**(1.514.296)**	(1.134.228)
Net foreign exchange gains/(losses) on borrowings	**(22.265.891)**	(12.192.882)
Interest on factoring expenses	**(5.142.522)**	(3.870.904)
Other interest expenses	**(783.750)**	(357.511)
	(45.139.302)	(29.470.858)

22. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

Assets related with current taxes:	**31 December 2016**	31 December 2015
Prepaid taxes and funds	**–**	10.592
	–	10.592

	31 December 2016	31 December 2015
Current tax liability		
Current corporate tax provision	**–**	233.762
Less: prepaid taxes and funds	**–**	(233.762)
	–	–

Income tax recognized in profit or loss:

Tax expense/income comprises:	**1 January-31 December 2016**	1 January-31 December 2015
Current tax expense/(income)	**–**	233.762
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	**(14.578.277)**	(3.925.674)
Total tax expense/(income)	**(14.578.277)**	(3.691.912)

Income tax recognised directly in equity

	1 January-31 December 2016	1 January-31 December 2015
Deferred tax		
Arising on income and expense taken directly to equity:		
– Actuarial gains and losses	**194.323**	(450.297)
– Revaluation of property, plant and equipment	**4.515.447**	
Total deferred tax recognised directly in equity	**4.709.770**	(450.297)

Corporate Tax

The Group is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Group's results for the years and periods. Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and deducting exempt income, non-taxable income and other incentives (previous years losses, if any, and investment incentives utilized, if preferred).

The effective tax rate in 2016 is 20% (2015: 20%).

In Turkey, advance tax returns are filed on a quarterly basis. Advance corporate income tax rate applied in 2015 is 20%. (2014: 20%). Losses can be carried forward for offset against future taxable income for up to 5 years. However, losses cannot be carried back for offset against profits from previous periods.

Furthermore, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

Income Witholding Tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are Turkish residents and Turkish branches of foreign companies. Income withholding tax applied in between 24 April 2003 – 22 July 2006 is 10% and commencing from 22 July 2006, this rate has been changed to 15% upon the Council of Minister's' Resolution No: 2006/10731. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

Withholding tax at the rate of 19,8% is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Subsequent to this date, the investments without investment incentive certificates do not qualify for tax allowance.

Deferred tax:

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for IFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for IFRS and tax purposes and they are given below.

For calculation of deferred tax asset and liabilities, the rate of 20% (2015: 20%) is used.

Deferred tax (assets)/liabilities:	**31 December 2016**	31 December 2015
IAS 18 revenue recognition differences	**–**	(29.014)
Restatement and depreciation/ amortization differences of property, plant and equipment and other intangible assets	**(6.344.205)**	(63.308)
Provision for employment termination benefits	**(1.586.996)**	(1.123.793)
Provisions for legal cases	**(328.184)**	–
Expense accrual as regarding signed protocols with suppliers	**(1.210.399)**	–
Provision for doubtful receivables	**(2.704.512)**	(2.192.656)
Unused vacation liabilities	**(161.123)**	(206.287)
Discount of notes receivable/payable (net)	**216.389**	(141.936)
Accruals for loans	**(1.861.668)**	–
Valuation of borrowings	**–**	(369.600)
Other	**133.954**	147.697
	(13.846.744)	(3.978.237)

Movement of deferred tax (assets)/liabilities for year ended 31 December 2016 and 31 December 2015 are as follows:

Movement of deferred tax (asset)/ liabilities:	**1 January- 31 December 2016**	1 January- 31 December 2015
Opening balance as of 1 January	**(3.978.237)**	397.734
Charged to income	**(14.578.277)**	(3.925.674)
Charged to equity	**4.709.770**	(450.297)
Closing balance at 31 December	**(13.846.744)**	(3.978.237)

Current period tax reconciliation is as follows:

Tax Reconciliation:	**1 January- 31 December 2016**	1 January- 31 December 2015
Profit/(loss) for the period	**(108.278.910)**	(20.836.283)
Tax at the domestic income tax rate of 20%	**(21.655.782)**	(4.167.257)
Tax effects of:		
- expenses that are not deductible	**(649.949)**	(78.242)
- unused tax losses	**7.269.613**	486.661
- other	**(331.584)**	66.926
- non taxable adjustments	**789.425**	–
	(14.578.277)	(3.691.912)

Expiration schedule of carry forward tax losses is as follows:

	31 December 2016	31 December 2015
Expiring in 2018	**1.216.653**	1.216.653
Expiring in 2020	**4.385.057**	4.385.057
Expiring in 2021	**36.348.064**	–
	41.949.774	5.601.710

23. FINANCIAL INSTRUMENTS

Financial Investments

The detail of financial investments of the Group as of 31 December 2016 and 31 December 2015 is as follows:

	31 December 2016	31 December 2015
Financial Investments		
Blocked deposits	**1.646.419**	5.873.005
	1.646.419	5.873.005

Financial Liabilities

The detail of borrowings of the Group as of 31 December 2016 and 31 December 2015 is as follows:

	31 December 2016	31 December 2015
Financial Liabilities		
a) Bank Borrowings	**112.077.222**	127.513.499
b) Obligations Under Finance Leases	**10.783.137**	13.322.196
b) Other Financial Liabilities	**14.557.984**	31.433.353
	137.418.343	172.269.048

a) Bank Borrowings:

The detail of borrowings is as follows:

Currency Type	Weighted Average Effective Interest Rate	31 December 2015 Current	Non-current
TL	10,86%	46.185.493	–
EUR	9,10%	81.328.006	–
		127.513.499	–

Currency Type	Effective Interest Rate	**31 December 2016 Current**	**Non-current**
TL	16,67%	**7.135.003**	**–**
EUR	9,52%	**104.942.219**	**–**
		112.077.222	**–**

The redemption schedule of the borrowings as of 31 December 2016 and 31 December 2015 is as follows:

The borrowings are repayable as follows:

	31 December 2016	31 December 2015
To be paid within 1 year	**112.077.222**	127.513.499
	112.077.222	127.513.499

Some loans of the Group are subject to certain covenants due to the contracts. According to these covenants, Group shall achieve some performance criterion and shall satisfy specific qualitative and quantitative criterion. As of 31 December 2016, the Group is in breach regarding certain loan covenants and no waiver letter is provided regarding these breaches. As explained in Note 24, some creditors also recalled their loans since the Group could not fulfill its payment obligations. As a result of these developments, all bank loans of the Group are presented as short term liabilities in the consolidated financial statements.

b) Obligations Under Finance Leases:

	Minimum lease payments		**Present value of minimum lease payments**	
	31 December 2016	31 December 2015	**31 December 2016**	31 December 2015
Finance Lease Payables				
Amounts payable under finance leases	**12.347.628**	15.800.098	**10.783.137**	13.322.196
Within one year	**6.771.954**	15.800.098	**5.306.363**	13.322.196
In the second to fifth years	**5.575.674**	–	**5.476.774**	–
Less : Future finance charges	**(1.564.491)**	(2.477.902)	**–**	–
Present value of finance lease obligations	**10.783.137**	13.322.196	**10.783.137**	13.322.196
Less: Amounts due to settlement within twelve months (shown under current liabilities)			**5.306.363**	13.322.196
Amounts due for settlement after 12 months			**5.476.774**	–

The interest rates of the finance leases are fixed for all lease periods at the contract date. The weighted average effective contractual interest rate is approximately 22% for TL, 6% for USD and 8% for EURO (31 December 2015: 26% for TL, 6% for USD and 8% for EURO)

c) Other Financial Liabilities

	31 December 2016	31 December 2015
Other Financial Liabilities		
Factoring Payable	**14.557.984**	31.433.353
	14.557.984	31.433.353

As of 31 December 2016, the interest rate on the Group's factoring transaction is between 17% to 18%.

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The Group controls its capital using the net debt/total capital ratio. This ratio is calculated as net debt divided by the total capital amount. Net debt is calculated as total liability amount less cash and cash equivalents. Total capital is calculated as shareholders' equity plus the net debt amount as presented in the balance sheet.

As of 31 December 2016 and 31 December 2015 net debt/total capital ratio is as follows:

	1 January-31 December 2016	1 January-31 December 2015
Total Debts	**137.418.343**	172.269.048
Less: Cash and Cash Equivalents	**(971.898)**	(3.225.423)
Net Debt	**136.446.445**	169.043.625
Total Equity	**(58.602.051)**	7.343.744
Total Capital	**77.844.394**	176.387.369
Total Debt/Total Capital Ratio	**100%**	95,84%

b) Financial risk factors

The risks of the Group, resulted from operations, include market risk, credit risk and liquidity risk. The Group's risk management program generally seeks to minimize the effects of uncertainty in financial market on financial performance of the Group.

b.1) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. Financial instruments of the Group that will result in concentration of credit risk mainly include cash and cash equivalents and trade receivables. The Group's maximum exposure to credit risk is the same as the amounts recognized in the consolidated financial statements.

The Group has cash and cash equivalents at several financial institutions. The Group manages this risk by continuously evaluating the reliability of these financial institutions.

Credit risk arising from trade receivables is limited due to the large number of customers and the policy of the Group to limit the credit amount of customers. The Group generally prefers to collect cheques to increase the credit limits of its customers except its dealers.

Credit risk of financial instruments			**Receivables**		
	Trade Receivables		**Other Receivables**		
31 December 2016	**Third Party**	**Related Party**	**Third Party**	**Related Party**	**Bank Deposits**
Maximum net credit risk as of the balance date (A+B+C+D) (*)	**34.338.977**	**1.645.992**	**1.329.871**	**2.719.956**	**965.040**
- The part of maximum risk under guarantee with collateral etc. (**)	**275.000**	**–**	**–**	**–**	**–**
A. Net book value of financial assets that are neither past due nor impaired	**34.338.977**	**–**	**1.329.871**	**–**	**965.040**
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	**–**	**1.645.992**	**–**	**2.719.956**	**–**
C. Net book value of impaired assets	**–**	**–**	**–**	**–**	**–**
- Overdue (gross carrying amount)	**–**	**–**	**–**	**–**	**–**
- Impairment (-)	**13.522.560**	**–**	**–**	**–**	**–**
- The part of net value under guarantee with collateral etc.	**(13.522.560)**	**–**	**–**	**–**	**–**
D. Off-balance sheet items with credit risk	**–**	**–**	**–**	**–**	**–**

(*) The factors that increase the credit reliability, such as guarantee received are not considered in the determination of the balance.
(**) Guarantees consists of guarantee letters, guarantee notes and mortgages obtained from the customers.
(***) The maturity of past due receivables from related parties are more than six months.

Credit risk of financial instruments		**Receivables**		
		Other Receivables		
31 December 2015	**Third Party**	**Related Party**	**Third Party**	**Bank Deposits**
Maximum net credit risk as of the balance date (A+B+C+D) (*)	83.623.568	8.334.465	1.088.449	3.218.551
- The part of maximum risk under guarantee with collateral etc. (**)	1.536.889	–	–	–
A. Net book value of financial assets that are neither past due nor impaired	83.623.568	–	1.088.449	3.218.551
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	–	8.334.465	–	–
C. Net book value of impaired assets	–	–	–	–
- Vadesi geçmiş (brüt defter değeri)	10.963.281	–	–	–
- Değer düşüklüğü (-)	(10.963.281)	–	–	–
- Net değerin teminat, vs ile güvence altına alınmış kısmı	–	–	–	–
D. Off-balance sheet items with credit risk	–	–	–	–

(*) The factors that increase the credit reliability, such as guarantee received are not considered in the determination of the balance.
(**) Guarantees consists of guarantee letters, guarantee notes and mortgages obtained from the customers.
(***) The maturity of past due receivables from related parties are more than six months

Explanations on the credit quality of financial assets

Credit quality of financial assets that are past due but not impaired, which is evaluated based on external evaluations and retrospective internal evaluations, is as follows:

Aging of overdue receivables is as follows:

31 December 2016	**Receivables**		
	Trade receivables	**Other receivables**	**Total**
Up to 1 year	**1.645.992**	**–**	**1.645.992**
Past due 1-5 year	**–**	**2.719.956**	**2.719.956**
Total past due receivables	**1.645.992**	**2.719.956**	**4.365.948**
Secured portion of receivables by guarantees, etc.	**–**	**–**	**–**

31 December 2015	**Receivables**		
	Trade receivables	**Other receivables**	**Total**
Past due 1-5 year	**–**	**8.334.465**	**8.334.465**
Total past due receivables	**–**	**8.334.465**	**8.334.465**
Secured portion of receivables by guarantees, etc.	**–**	**–**	**–**

b.2) Liquidity risk management

Ultimate control for liquidity risk management rests with the Board of Directors, which aims to maintain an appropriate liquidity risk management framework for the Company's short, medium and long-term funding and liquidity management requirements.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities. 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 table includes both interest and principal cash flows.

The maturities of the financial liabilities determined with respect to the contracts including the expected interest payments as of 31 December 2016 and 2015 is as follows:

31 December 2016

Contructual maturity analysis	Net book value	Net cash outflows (I+II+III+IV)	1-3 months (I)	3 months-1 year (II)	1-5 years (III)
Non-derivative					
Financial liabilities					
Bank loans	**112.077.222**	**123.021.254**	**101.922.709**	**21.098.545**	
Obligations under finance leases	**10.783.137**	**12.347.628**	**1.372.526**	**4.281.103**	**6.693.999**
Other financial liabilities	**14.557.984**	**14.557.984**	**–**	**14.557.984**	**–**
Trade payables	**106.225.811**	**108.664.580**	**–**	**108.664.580**	**–**
Total liabilities	**243.644.154**	**258.591.446**	**103.295.235**	**148.602.212**	**6.693.999**

31 December 2015

Contructual maturity analysis	Net book value	Net cash outflows (I+II+III+IV)	1-3 months (I)	3 months-1 year (II)	1-5 years (III)
Non-derivative					
Financial liabilities					
Bank loans	127.513.499	139.854.939	47.828.421	92.026.518	–
Obligations under finance leases	13.322.196	15.800.098	3.950.025	11.850.074	–
Other financial liabilities	31.433.353	31.433.353	–	31.433.353	–
Trade payables	74.486.579	76.310.563	38.677.798	37.632.765	–
Total liabilities	246.755.627	263.398.953	90.456.244	172.942.710	–

b.3.1) Market risk management

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. Foreign currency risk is managed through balancing the liabilities and receivables in foreign currencies.

Market risk exposures of the Group are measured using sensitivity analysis.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

b.3.2) Foreign currency risk management

Transactions in foreign currencies expose the Group to foreign currency risk. Foreign currency risk is managed by balancing the liabilities and receivables in foreign currencies.

As of 31 December 2016 and 2015 the foreign currency denominated assets and liabilities of monetary and non-monetary items are as follows:

	31 December 2016				
	USD	**Euro**	**GBP**	**Others**	**Total TL Equivalent**
Cash and Cash Equivalents	**3.750**	**261.034**	**–**	**–**	**981.607**
Trade Receivables	**126.756**	**927.931**			**3.888.612**
Short-term Portion of Long-term Borrowings	**–**	**(28.287.075)**	**–**	**–**	**(104.942.219)**
Other Financial Liabilities	**–**	**(1.316.468)**	**–**	**–**	**(4.883.964)**
Trade Payables	**(943.270)**	**(2.990.912)**	**(28.880)**	**(201.834)**	**(14.641.945)**
Net Foreign Currency Position	**(812.764)**	**(31.405.490)**	**(28.880)**	**(201.834)**	**(119.597.909)**

	31 December 2015		
	USD	**Euro**	**Total TL Equivalent**
Cash and Cash Equivalents	1	46.388	147.404
Trade Receivables	136.910	1.221.998	4.281.100
Short-term Portion of Long-term Borrowings	–	(25.594.161)	(81.328.006)
Other Financial Liabilities	(24.594)	(2.151.814)	(6.909.114)
Trade Payables	(656.890)	(596.076)	(3.804.064)
Net Foreign Currency Position	(544.573)	(27.073.665)	(87.612.680)

The following table details the Group's sensitivity to a 10% increase and decrease in USD, and EURO. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A negative number indicates an decrease in profit or loss.

	USD Effect		**EUR Effect**	
	2016	2015	**2016**	2015
Profit or Loss	**(81.276)**	(158.340)	**(3.140.549)**	(8.602.928)

b.3.3) Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. The related risks are managed through natural methods which are resulting from the netting of receivables and liabilities dependent to interest rates. The interest rates of financial assets and liabilities are stated in the related notes.

Interest rate sensitivity

The sensitivity analysis of financial instruments is presented below:

Interest Position Table

	31 December 2016	31 December 2015
Financial Instruments with Fixed Interest Rate		
Financial Borrowings	**98.737.796**	114.027.086
Other Financial Liabilities	**25.341.121**	44.755.549
Financial Instruments with Floating Interest Rate		
Financial Borrowings	**13.339.426**	13.486.413

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's:

Profit for the year ended 31 December 2016 would increase/decrease by TL 24.064 (2015: 129.781) This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

25. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES)

31 December 2016	**Loans and receivables (cash and cash equivalents included)**	**Financial liabilities at amortized cost**	**Fair value**	**Note**
Financial assets				
Cash and cash equivalents	**971.898**	**–**	**971.898**	**27**
Trade receivables	**35.984.969**	**–**	**35.984.969**	**5**
Due from related parties	**2.719.956**	**–**	**2.719.956**	**4**
Other receivables from third parties	**1.329.871**	**–**	**1.329.871**	**6**
Financial liabilities				
Borrowings	**–**	**112.077.222**	**112.077.222**	**23**
Obligations under finance leases	**–**	**10.783.137**	**10.783.137**	**23**
Other Financial liability	**–**	**14.557.984**	**14.557.984**	**23**
Trade payables	**–**	**106.225.811**	**106.225.811**	**5**

31 December 2015	Loans and receivables (cash and cash equivalents included)	Financial liabilities at amortized cost	Fair value	Note
Financial assets				
Cash and cash equivalents	3.225.423	–	3.225.423	27
Trade receivables	83.623.568	–	83.623.568	5
Due from related parties	8.334.465	–	8.334.465	4
Other receivables from third parties	1.088.449	–	1.088.449	6
Financial liabilities				
Borrowings	–	127.513.499	127.513.399	23
Obligations under finance leases	–	13.322.196	13.322.196	23
Other Financial Liability	–	31.433.353	31.433.353	23
Trade payables	–	74.085.629	74.085.629	5

Group, considers that the book value of financial instruments reflects their fair values.

26. EVENTS AFTER THE REPORTING PERIOD

The Group is experiencing liquidity problems due to the delays on its collections. Accordingly, as of 31 August 2016, the Group was unable to pay its cheques. Subsequently, some banks have recalled their loans commencing September 8th, 2016. Together with the recall of the loans, notification has been sent to all suppliers and customer in accordance with Article 89/1 of the Execution and Bankruptcy Law. Some suppliers have started to apply legal follow-up. Also, as explained in Note 21 in detail, the creditors who have shares in the capital declared that they will not provide any waiver letter to the Group in case they can not achieve the required performance criterion due to the contracts. Following all these developments, the Group was involved in the strategic partnership process and signed a Letter of Interest. During 2017, the Group has completed strategic partnership agreement with Mahindra Overseas Investment ("Mahindra"). Following the completion of this agreement, all borrowings including EBRD and Nakina loans that were subject to covenants are paid in 30 March 2017. Also Mahindra became new ultimate controlling party for the Group with 75% ownership. As a result of these transactions, the Group management believes that the financial indicators of the Group will be positive and it can continue for the foreseeable future.

27. DISCLOSURES RELATED TO THE STATEMENT OF CASH FLOWS

	31 December 2016	31 December 2015
Cash on hand	**6.858**	6.872
Cash at banks	**965.040**	3.218.551
Demand deposits	**965.040**	3.218.551
	971.898	3.225.423

Explanations about the nature and level of risks related to cash and cash equivalents are provided in Note 24.

28. SUPPLEMENTARY INFORMATION

The Group management decided to present the financial statements also in Indian Rupee ("INR") by using the following procedures of International Accounting Standard No. 21 "The Effects of Changes in Foreign Exchange Rates" ("IAS 21"):

(a) Assets and liabilities for each financial position presented (i.e., including comparatives) are translated at the closing rate at the date of that financial position;

(b) Income and expenses for each the statement of the profit or loss and other comprehensive income (i.e., including comparatives) are translated at the closing rate for the period at the date of that financial position.

The Company's financial position as at 31 December 2016 and the statement of the profit or loss and other comprehensive income is presented in INR are included as supplementary information in the Appendix-1 and Appendix-2.

The financial position and statement of profit or loss and other comprehensive income items are valued with the exchange rate of 17,87 TL/INR (2015: 17,87 TL/INR).

28. SUPPLEMENTARY INFORMATION (cont'd)

APPENDIX – 1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2016

(Amounts are expressed in Indian Rupee (INR)

BALANCE SHEET	**Current Period 31st December, 2016**	Prior Period 31st December, 2015
ASSETS		
Current Assets	**1,283,181,583**	2,843,845,667
Cash and Cash Equivalent	**17,367,817**	57,638,309
Financial Investments	**29,421,508**	104,950,599
Trade Receivables	**643,051,396**	1,484,926,503
Trade receivables from related parties	**29,413,877**	–
Trade receivables from third parties	**613,637,519**	1,484,926,503
Other Receivables	**70,797,848**	167,547,869
Other receivables from related parties	**48,605,614**	148,936,890
Other receivables from third parties	**22,192,235**	18,610,980
Inventory	**383,227,958**	858,828,251
Prepaid Expenses	**136,024,885**	169,764,857
Assets Related to Current Tax	**–**	189,279
Other Current Assets	**3,290,171**	–
Non-Current Assets	**2,698,018,801**	2,003,327,626
Trade Receivables	**–**	9,426,657
Other Receivables	**1,572,560**	839,604
Other receivables from third parties	**1,572,560**	839,604
Financial assets	**–**	53,610
Investment Property	**29,360,410**	423,376
Property, Plant and Equipment	**2,222,726,086**	1,716,135,818
Intangible Assets	**167,827,928**	164,630,770
Other Non-Current Assets	**167,827,928**	164,630,770
Prepaid Expenses	**29,090,502**	40,726,695
Deferred Tax Assets	**247,441,315**	71,091,095
TOTAL ASSETS	**3,981,200,384**	4,847,173,293

28. SUPPLEMENTARY INFORMATION (cont'd)

APPENDIX – 1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2016

(Amounts are expressed in Indian Rupee (INR)

LIABILITIES	**Current Period 31st December, 2016**	Prior Period 31st December, 2015
Current Liabilities	**4,788,750,991**	4,615,529,701
Financial Borrowings	**1,856,583,904**	2,278,666,227
Short-term Portion of Long-term Borrowings	**146,236,053**	–
Obligations under financial leases	**94,824,707**	238,067,643
Other Financial Liabilities	**260,151,174**	561,714,018
Trade Payables	**1,898,255,243**	1,331,075,167
Trade payables to related parties	**131,740,321**	40,167,918
Trade payables to third parties	**1,766,514,922**	1,290,907,249
Payables Related to Employee Benefits	**116,629,180**	51,064,079
Other Payables	**20,109,218**	4,846,969
Other payables to related parties	**20,109,218**	–
Other payables to third parties	**–**	4,846,969
Deferred Income	**183,290,070**	123,066,848
Short-term Provisions	**43,719,580**	18,431,726
Short-term provisions for employee benefits	**14,396,322**	18,431,726
Other short-term provisions	**29,323,258**	–
Other Current Liabilities	**168,951,861**	8,597,025
		–
Non-Current Liabilities	**239,668,044**	100,410,887
Obligations under financial leases	**97,869,951**	–
Long-term Provisions	**141,798,093**	100,410,887
Long-term provisions for employee benefits	**141,798,093**	100,410,887

28. SUPPLEMENTARY INFORMATION (cont'd)

APPENDIX – 1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2016

(Amounts are expressed in Indian Rupee (INR)

	Current Period 31st December, 2016	Prior Period 31st December, 2015
EQUITY	**(1,047,218,651)**	131,232,705
Equity Attributable to Owners of the Parent	**(1,040,679,214)**	133,954,163
Paid-in Capital	**527,300,365**	527,300,365
Entities Under Common Control	**226,556**	226,556
Accumulated Other Comprehensive Income or Expenses not to be Reclassified to Profit or Loss	**580,101,694**	91,419,382
Properties Revaluation Reserves	**590,350,354**	115,558,231
Accumulated Gain/Loss on Remeasurement of Defined Benefit Plans	**(10,248,659)**	(24,138,850)
Restricted Profit Reserves	**45,745,985**	45,745,985
Accumulated Losses	**(523,441,482)**	(237,545,749)
Net Loss for the period	**(1,670,612,333)**	(293,192,375)
Profit Reserves	**(6,539,437)**	(2,721,458)
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**3,981,200,384**	4,847,173,293

28. SUPPLEMENTARY INFORMATION (cont'd)

APPENDIX – 2

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE 1ST JANUARY – 31ST DECEMBER, 2016 PERIOD

(Amounts are expressed in Indian Rupee (INR)

	Current Period 1st January– 31st December, 2016	Prior Period 1st January– 31st December, 2015
Revenue	**3,341,219,465**	3,708,528,934
Cost of Sales (-)	**(3,670,854,632)**	(3,192,459,564)
Gross Profit/(Loss)	**(329,635,167)**	516,069,370
General Administrative Expenses (-)	**(218,976,585)**	(335,882,872)
Marketing Expenses (-)	**(75,710,723)**	(101,338,590)
Other Income From Operating Activities	**176,792,602**	76,892,555
Other Loss From Operating Activities (-)	**(468,988,357)**	(36,065,645)
Operating Profit	**(916,518,230)**	119,674,818
Investment Revenue	**35,641,008**	41,833,563
Expenses from Investing Activities (-)	**(247,427,573)**	(7,208,526)
OPERATING PROFIT/(LOSS) BEFORE FINANCE EXPENSE	**(1,128,304,795)**	154,299,855
Finance Expenses (-)	**(806,639,327)**	(526,644,232)
LOSS BEFORE TAX	**(1,934,944,122)**	(372,344,377)
Tax (Expense)	**260,513,810**	65,974,467
Current Tax Expense (-)	**–**	(4,177,327)
Deferred Tax Expense/Income	**260,513,810**	70,151,794
LOSS FOR THE PERIOD	**(1,674,430,312)**	(306,369,910)
Loss from the period attributable to:		
Non-controlling Interest	**(3,817,979)**	(13,177,535)
Owners of the company	**(1,670,612,333)**	(293,192,375)
	(1,674,430,312)	(306,369,910)

28. SUPPLEMENTARY INFORMATION (cont'd)

APPENDIX – 2

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE 1ST JANUARY – 31ST DECEMBER, 2016 PERIOD

(Amounts are expressed in Indian Rupee (INR)

	Current Period 1st January– 31st December, 2016	Prior Period 1st January– 31st December, 2015
PROFIT/LOSS FOR THE PERIOD	**(1,674,430,312)**	(306,369,910)
OTHER COMPREHENSIVE INCOME		
Items that will not be Reclassified Subsequently to Profit/(Loss)	**488,682,313**	(32,187,265)
Gain/(Loss) on remeasurment of defined benefit plans	**17,362,742**	(40,234,073)
Gain on revaluation of property plant and equipments	**555,483,160**	–
Deferred Tax Expenses (-)/Income	**(84,163,589)**	8,046,807
OTHER COMPREHENSIVE (LOSS)/INCOME	**488,682,313**	(32,187,265)
TOTAL COMPREHENSIVE (LOSS)/INCOME	**(1,185,747,998)**	(338,557,175)
Total Comprehensive (Loss)/Income for the Period Attributable to:		
Non-controlling Interest	**(3,817,979)**	(13,177,535)
Owners of the company	**(1,181,930,019)**	(325,379,641)
	(1,185,747,998)	(338,557,175)

The accompanying notes are an integral part of these consolidated financial statements.

DIRECTORS' REPORT

Your Directors present their Report together with the management accounts of your Company for the year ended 31st December 2016.

FINANCIAL HIGHLIGHTS:

	CY16 (TRL Lakhs)	**CY16 (INR Lakhs)**	CY15 (TRL Lakhs)	CY15 (INR Lakhs)
Revenues	**712.25**	**12,727.90**	694.04	12,402.57
Income before Income Tax	**(5.37)**	**(96.0)**	12.61	225.27
Net Profit	**(5.37)**	**(96.00)**	10.06	179.73

The Financial Statement as at December 31st, 2016 (CY16) reports Revenues of TRL 712.25 lakhs (INR 12,727.90 lakhs) with a Net Loss of TRL 5.37 lakhs (INR 96.00 lakhs).

Performance during the year:

Your Company is mainly engaged in trading and export of Machinery Components from Turkey. Your Company and its parent HİSARLAR MAKİNA SANAYİ VE TİCARET A.Ş. ("Hismak") experienced liquidity problems due to delays on its collections which also affected production consequently affecting your Company's procurement and sales.

Going concern

The annual financial statements have been prepared on a going concern basis. This basis presumes that funds will be available to finance future operations. As on 31st December, 2016, your Company's parent, Hismak, was in talks with India based Mahindra Group for a possible acquisition. Accordingly, subsequent in March 2017, Mahindra Group infused equity funding and acquired a majority stake in Hismak.

Shareholding

As on 31st December 2016, 90% of the shares of the Company are held by Hismak and the balance 10% is held by Türker family.

Events after Balance Sheet Date

Hismak, with effect from 30th March 2017, has been acquired by India based Mahindra Group through its subsidiary, Mahindra Overseas Investment Company (Mauritius) Limited ("MOICML"). MOICML has acquired 75.07% stake in Hismak by infusing TRL 710 lakhs. Out of the balance equity share capital of Hismak, 18.32% is held by European Bank for Reconstruction and Development ("EBRD"), 6.19% by Zafer Turker and 0.41% by Nakina Finance S.A.R.L. Consequently, MOICML has become the ultimate parent company of Your Company effective 30th March 2017.

Dividends

No dividends have been declared or paid to shareholders during the year.

Holding Company:

Your Company's holding company is HİSARLAR MAKİNA SANAYİ VE TİCARET A.Ş. which is based in Turkey.

Directors:

The Directors of your Company during the year and to the date of this report are as follows:

- Rajesh Jejurikar (appointed with effect from 30th March, 2017)
- Giju Kurian (appointed with effect from 30th March 2017)
- Nikhil Sohoni (appointed with effect from 30th March 2017)
- Fazli Turker (resigned with effect from 30th March 2017)
- Zafer Turker (resigned with effect from 30th March 2017)
- Rasit Turker (resigned with effect from 30th March 2017)

For and behalf of the Board

Giju Kurian
Vice Chairman and Director

Date: 26th May 2017

STATEMENT OF FINANCIAL POSITION AS ON 31ST DECEMBER 2016

	Notes	Current Period 31 Dec 2016 TRL	Current Period 31 Dec 2016 INR	Prior Period 31 Dec 2015 TRL	Current Period 31 Dec 2015 INR
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	1	**965,040**	**17,245,264**	879,302	15,713,124
Trade receivables	2	**10,120,613**	**180,855,350**	21,298,630	380,606,510
Inventories	3	**11,638**	**207,978**	1,086,333	19,412,768
Other current assets	4	**322,873**	**5,769,747**	177,443	3,170,898
SUBTOTAL		**11,420,164**	**204,078,339**	23,441,707	418,903,300
Non-Current Assets					
Other non-current assets	5	**17,533**	**313,311**	–	–
SUBTOTAL		**17,533**	**313,311**	–	–
TOTAL ASSETS		**11,437,697**	**204,391,650**	23,441,707	418,903,300

	Notes	Current Period 31 Dec 2016 TRL	Current Period 31 Dec 2016 INR	Prior Period 31 Dec 2015 TRL	Current Period 31 Dec 2015 INR
LIABILITIES AND EQUITY					
Current Liabilities					
Short-term borrowings	6	**9,460**	**169,058**	1,548,070	27,664,009
Trade payables	7	**4,272,130**	**76,342,971**	14,593,198	260,780,443
Payables related to employee benefits	8	**65,578**	**1,171,887**	19,801	353,837
Current tax liabilities		**–**	**–**	233,762	4,177,325
Other current liabilities	9	**197,806**	**3,534,788**	27,963	499,690
SUBTOTAL		**4,544,975**	**81,218,704**	16,422,793	293,475,305
Non-Current Liabilities					
Long-term borrowings	10	**411,049**	**7,345,437**	–	–
SUBTOTAL		**411,049**	**7,345,437**	–	–

	Current Period 31 Dec 2016 TRL	Current Period 31 Dec 2016 INR	Prior Period 31 Dec 2015 TRL	Current Period 31 Dec 2015 INR
EQUITY				
Equity Attributable to Owners of the Company				
Share capital	**1,500,000**	**26,805,000**	1,500,000	26,805,000
Profit/Loss Reserve	**4,674,896**	**83,540,398**	5,212,137	93,140,884
Legal Reserves	**300,000**	**5,361,000**	300,000	5,361,000
Other Reserves	**6,777**	**121,111**	6,777	121,111
SUBTOTAL	**6,481,674**	**115,827,509**	7,018,914	125,427,994
TOTAL LIABILITIES AND EQUITY	**11,437,697**	**204,391,650**	23,441,707	418,903,300

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2016

	Notes	**Current Period 1 January- 31 December 2016 TRL**	**Current Period 1 January- 31 December 2016 INR**	Prior Period 1 January- 31 December 2015 TRL	Current Period 1 January- 31 December 2015 INR
Revenue	11	**71,224,960**	**1,272,790,037**	69,404,430	1,240,257,172
Other Income	12	**2,650,972**	**47,372,873**	529,233	9,457,392
Cost of Sales (-)	13	**(70,083,365)**	**(1,252,389,735)**	(67,608,564)	(1,208,165,040)
Gross Profit		**3,792,567**	**67,773,176**	2,325,099	41,549,524
General Administrative Expenses (-)	14	**(1,747,455)**	**(31,227,013)**	(573,553)	(10,249,383)
Marketing Expenses (-)	15	**(226,811)**	**(4,053,117)**	(225,999)	(4,038,594)
OPERATING PROFIT BEFORE FINANCE EXPENSE		**1,818,301**	**32,493,046**	1,525,548	27,261,547
Finance Expenses (-)	16	**(2,355,542)**	**(42,093,532)**	(264,951)	(4,734,666)
LOSS/PROFIT BEFORE TAX		**(537,240)**	**(9,600,486)**	1,260,598	22,526,880
Tax (Expense)		**–**	**–**	(254,851)	(4,554,196)
PROFIT/LOSS FOR THE PERIOD		**(537,240)**	**(9,600,486)**	1,005,746	17,972,684

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2016

1. **General Declarations**

   The Books of Accounts of Hisarlar İthalat İhracat Pazarlama Anonim Şirketi (Hispa) are not required to be audited as per Turkish Commercial Code as it does not satisfy the minimum criteria set for Independent audit. Consequently, the Books of Accounts of are maintained under Turkish Tax Procedure Law (VUK).

   The financial year is identical to the calendar year.

   The income statement has been prepared according to the nature of expense method.

   The functional currency of the company is measured using the currency of the economic environment in which the company operates. For the convenience of readers of the financial statements this has been converted into, Indian Rupees, at a pre-determined 'convenient rate'. This is displayed as comparative balances for both the current and prior years.

   All foreign currency amounts, including comparatives are translated for convenience into Indian Rupees at the exchange rate of Rs. 17.87 = TRL 1.00 as advised by the ultimate parent entity.

2. **Accounting and Valuation Principles**

   2.1 Inventories

   Trade Goods are balanced at acquisition cost. Write-downs to the lower market value have been made where necessary.

   2.2 Receivables, other assets and liquid funds

   Trade Receivables, other assets and liquid funds are balanced at face value.

   2.3 Liabilities

   Trade payables are shown at their repayment values.

   2.4 Currency Translation

   All foreign currency balances are restated at the closing forex buy rate as indicated by Türkiye Cumhuriyet Merkez Bankası.

   2.5 Revenues

   Export revenues are recorded once the goods clear the Turkey Customs.

3. **Parent Company**

   Hispa is a subsidiary of HİSARLAR MAKİNA SANAYİ VE TİCARET A.Ş. (90%). The balance 10% is held by the Türker family.

NOTE 1: CASH AND CASH EQUIVALENTS

	Current Period	**Current Period**	Prior Period	Current Period
	31 Dec 2016 TRL	**31 Dec 2016 INR**	31 Dec 2015 TRL	31 Dec 2015 INR
Cash at bank	**965,040**	**17,245,264**	879,302	15,713,124
	965,040	**17,245,264**	879,302	15,713,124

NOTE 2: TRADE RECEIVABLES - CURRENT

	Current Period	**Current Period**	Prior Period	Current Period
	31 Dec 2016 TRL	**31 Dec 2016 INR**	31 Dec 2015 TRL	31 Dec 2015 INR
Trade Receivables	**10,120,613**	**180,855,350**	21,298,630	380,606,510
Allowance for doubtful receivables (-)	–	–	–	–
	10,120,613	**180,855,350**	21,298,630	380,606,510

NOTE 3: INVENTORIES

	Current Period	**Current Period**	Prior Period	Current Period
	31 Dec 2016 TRL	**31 Dec 2016 INR**	31 Dec 2015 TRL	31 Dec 2015 INR
Trade goods	**11,638**	**207,978**	1,086,333	19,412,768
	11,638	**207,978**	1,086,333	19,412,768

NOTE 4: OTHER CURRENT ASSETS

	Current Period	**Current Period**	Prior Period	Current Period
	31 Dec 2016 TRL	**31 Dec 2016 INR**	31 Dec 2015 TRL	31 Dec 2015 INR
VAT deductable	**322,873**	**5,769,747**	176,411	3,152,460
Other current receivables	–	–	1,032	18,438
	322,873	**5,769,747**	177,443	3,170,898

NOTE 5: OTHER NON-CURRENT ASSETS

	Current Period	**Current Period**	Prior Period	Current Period
	31 Dec 2016 TRL	**31 Dec 2016 INR**	31 Dec 2015 TRL	31 Dec 2015 INR
Prepaid expenses - Long Term	**17,533**	**313,311**	–	–
	17,533	**313,311**	–	–

NOTE 6: SHORT TERM BORROWINGS

	Current Period	**Current Period**	Prior Period	Current Period
	31 Dec 2016 TRL	**31 Dec 2016 INR**	31 Dec 2015 TRL	31 Dec 2015 INR
Short term bank loans	**9,460**	**169,058**	784,011	14,010,277
Factoring Liability	–	–	764,059	13,653,733
	9,460	**169,058**	1,548,070	27,664,009

NOTE 7: TRADE PAYABLES - CURRENT

	Current Period	**Current Period**	Prior Period	Current Period
	31 Dec 2016 TRL	**31 Dec 2016 INR**	31 Dec 2015 TRL	31 Dec 2015 INR
Trade payables	**4,272,130**	**76,342,971**	14,593,198	260,780,443
Notes payables	–	–	–	–
	4,272,130	**76,342,971**	14,593,198	260,780,443

NOTE 8: PAYABLES RELATED TO EMPLOYEE BENEFITS

	Current Period 31 Dec 2016 TRL	Current Period 31 Dec 2016 INR	Prior Period 31 Dec 2015 TRL	Current Period 31 Dec 2015 INR
Due to personnel	**65,452**	**1,169,628**	12,098	216,200
Social security premiums payable	**126**	**2,259**	7,702	137,638
	65,578	**1,171,887**	19,801	353,837

NOTE 9: OTHER CURRENT LIABILITIES

	Current Period 31 Dec 2016 TRL	Current Period 31 Dec 2016 INR	Prior Period 31 Dec 2015 TRL	Current Period 31 Dec 2015 INR
Taxes and dues payable	**180,136**	**3,219,035**	27,826	497,247
Interest accrued	**17,533**	**313,311**	–	–
Other payables	**137**	**2,443**	137	2,443
	197,806	**3,534,788**	27,963	499,690

NOTE 10: LONG TERM BORROWINGS

	Current Period 31 Dec 2016 TRL	Current Period 31 Dec 2016 INR	Prior Period 31 Dec 2015 TRL	Current Period 31 Dec 2015 INR
Long term bank loans	**411,049**	**7,345,437**	–	–
	411,049	**7,345,437**	–	–

NOTE 11: REVENUES

	Current Period 1 January– 31 December 2016 TRL	Current Period 1 January– 31 December 2016 INR	Prior Period 1 January– 31 December 2015 TRL	Prior Period 1 January– 31 December 2015 INR
Domestic Sales	**24,661**	**440,686**	1,796,820	32,109,178
Export Sales	**71,602,885**	**1,279,543,549**	68,038,009	1,215,839,220
Sales returns (-)	**(268,735)**	**(4,802,291)**	(423,798)	(7,573,269)
Sales discounts (-)	**(133,850)**	**(2,391,906)**	(6,601)	(117,957)
	71,224,960	**1,272,790,037**	69,404,430	1,240,257,172

NOTE 12: OTHER INCOME

	Current Period 1 January– 31 December 2016 TRL	Current Period 1 January– 31 December 2016 INR	Prior Period 1 January– 31 December 2015 TRL	Prior Period 1 January– 31 December 2015 INR
Foreign exchange Gain/(Loss)	**1,700,339**	**30,385,053**	526,015	9,399,892
Other revenues	**950,633**	**16,987,820**	3,218	57,500
	2,650,972	**47,372,873**	529,233	9,457,392

NOTE 13: COST OF SALES

	Current Period 1 January– 31 December 2016 TRL	Current Period 1 January– 31 December 2016 INR	Prior Period 1 January– 31 December 2015 TRL	Prior Period 1 January– 31 December 2015 INR
Cost of merchandises sold	**65,262,468**	**1,166,240,310**	61,670,380	1,102,049,696
Freight Outwards	**4,820,897**	**86,149,425**	5,938,184	106,115,344
	70,083,365	**1,252,389,735**	67,608,564	1,208,165,040

NOTE 14: GENERAL ADMINISTRATIVE EXPENSES

	Current Period 1 January– 31 December 2016 TRL	Current Period 1 January– 31 December 2016 INR	Prior Period 1 January– 31 December 2015 TRL	Prior Period 1 January– 31 December 2015 INR
Personnel expenses - G&A	**109,467**	**1,956,170**	42,578	760,870
Rent expenses	**1,815**	**32,434**	1,650	29,486
Legal & Consultancy Fees	**108,425**	**1,937,550**	83,479	1,491,770
Rates & Taxes	–	–	2,090	37,350
Warranty Expenses	**544,747**	**9,734,622**	425,128	7,597,035
Other Expenses	**983,001**	**17,566,236**	18,628	332,874
	1,747,455	**31,227,013**	573,553	10,249,383

NOTE 15: MARKETING EXPENSES

	Current Period 1 January– 31 December 2016 TRL	Current Period 1 January– 31 December 2016 INR	Prior Period 1 January– 31 December 2015 TRL	Prior Period 1 January– 31 December 2015 INR
Personnel Expenses - Marketing	**219,643**	**3,925,023**	218,041	3,896,388
Consultancy	–	–	6,378	113,970
Other marketing and sales expenses	**7,168**	**128,094**	1,580	28,236
	226,811	**4,053,117**	225,999	4,038,594

NOTE 16: FINANCE EXPENSES

	Current Period 1 January– 31 December 2016 TRL	Current Period 1 January– 31 December 2016 INR	Prior Period 1 January– 31 December 2015 TRL	Prior Period 1 January– 31 December 2015 INR
Bank Commission expenses	**14,409**	**257,495**	9,927	177,388
Bank Financing expenses	**2,341,132**	**41,836,037**	255,024	4,557,278
	2,355,542	**42,093,532**	264,951	4,734,666

DIRECTOR'S REPORT FOR MAHINDRA YUEDA (YANCHENG) TRACTOR CO., LTD.

Mahindra Yueda (Yancheng) Tractor Company Ltd.(MYYTCL) is a 51:49 Foreign Joint Venture between Mahindra Overseas Investment Company (Mauritius) Ltd. and Jiangsu Yueda Investment Co. Ltd from Peoples Republic of China. MYYTCL is operational from 1st February 2009 and is located in Economic Development Zone of Yancheng city in Jiangsu Province. The Yueda Group is a well known Group in PRC with presence in various sectors of economy such as Automobiles, Tractors, Mining, Textile, Infrastructure Development and Retail. Huanghai Jinma brand of tractors manufactured at MYYTCL is well known brand across China and sold through a strong network of 250 dealers. MYYTCL produces and sells 18 HP to 135 HP tractors.

The overall tractor industry volumes reduced by 11.9% in 2016 to 270,855 tractors as compared with 2015. The domestic industry at 255,004 tractors, recorded a de-growth of 11.7% whereas the export volumes recorded a de-growth of 15.3% to reach 15,851 tractors.

MYYTCL was also affected due to above and its sales have also dropped in line with industry. Further, during the calendar year 2016, in view of extension in effective date for change in emission norms, the company continued to focus on reduction of dealer stock & receivables, by improving retails and controlled billing. By year end, the Company reduced its dealer stock by 75% and receivables by 50%.

The new emission norms – China III became operational with effect from 1st December 2016 and your company has implemented the required technical modifications. The company plans to maximize sales opportunity by channel restructuring and launch of product variants for niche requirements. With the market shift towards higher HP segments, the company continues to work on further strengthening its higher HP product portfolio.

Simultaneously, the company is working on realigning cost structure, improving margins and working capital reduction. Product mix improvement, cost reduction and supplier consolidation efforts are driving improvement in variable margins and cash flows. All these efforts will improve the company's financial stability.

Sachin Arolkar
President & CEO

Place: Yancheng, China
Date: 26th May, 2017

AUDITOR'S REPORT

To the Board of Directors of Mahindra Yueda (Yancheng) Tractor Co., Ltd.:

We have audited the accompanying financial statements of **Mahindra Yueda (Yancheng) Tractor Co., Ltd.** ("Mahindra Yueda"), which comprise the balance sheet as at 31 December 2016, and the income statement, the statement of changes in owner's equity and the cash flow statement for the year then ended, and the notes to the financial statements.

1. *Management's responsibility for the financial statements*

   Management of Mahindra Yueda is responsible for the preparation and fair presentation of these financial statements, this responsibility includes: (1) preparing financial statements in accordance with Accounting Standards for Business Enterprises to achieve fair presentation of the financial statements; and (2) designing, implementing and maintaining internal control which is necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

2. *Auditor's responsibility*

   Our responsibility is to express an audit opinion on these financial statements based on our audit. We conducted our audit in accordance with China Standards on Auditing. China Standards on Auditing require that we comply with the Code of Ethics for Chinese Certified Public Accountants and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

   An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, Certified Public Accountants consider the internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

3. *Opinion*

   In our opinion, the financial statements of Mahindra Yueda present fairly, in all material respects, the financial position as of 31 December 2016, and the results of operations and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

4. *Other Matter*

   Without qualifying our opinion, we draw attention to the fact that the supplementary information presented in INR is solely for the convenience of users, it does not form part of the audited financial statements. We have not audited the supplementary information and, accordingly, we do not express an opinion on this supplementary information. This paragraph has no impact on the audit opinion expressed in this report.

Deloitte Touche Tohmatsu Certified Public Accountants LLP Nanjing Branch
Nanjing, China

Chinese Certified Public Accountant
Hu Fan
Pan Yi Xiang

26th May, 2017

The auditors' report and the accompanying financial statements are English translations of the Chinese auditors' report and statutory financial statements prepared under accounting principles and practices generally accepted in the People's Republic of China. These financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions. In case the English version does not conform to the Chinese version, the Chinese version prevails.

BALANCE SHEET AT 31 DECEMBER 2016

	NOTE VII	2016 RMB	2015 RMB
Current Assets:			
Currency funds	1	**110,680,238.66**	103,681,358.42
Notes receivable	2	**7,494,993.80**	3,160,000.00
Accounts receivable	3	**113,584,346.62**	208,078,754.86
Advances to suppliers		**4,290,606.82**	5,536,546.17
Other receivables	4	**5,536,178.13**	7,132,401.95
Inventories	5	**83,901,316.37**	107,700,785.48
Other current assets	6	**75,521,038.35**	70,123,021.48
Total current assets		**401,008,718.75**	505,412,868.36
Non-current Assets:			
Fixed assets	7	**211,249,562.90**	236,419,606.25
Construction in progress	8	**6,154,958.97**	2,755,795.68
Intangible assets	9	**64,314,184.17**	84,266,014.30
Total non-current Assets		**281,718,706.04**	323,441,416.23
TOTAL ASSETS		**682,727,424.79**	828,854,284.59

BALANCE SHEET AT 31 DECEMBER 2016 (CONT.)

	NOTE VII	2016 RMB	2015 RMB
LIABILITIES AND OWNERS' EQUITY			
Current Liabilities			
Short-term borrowings	12	**310,000,000.00**	276,000,000.00
Notes payable	13	**74,187,594.20**	110,600,000.00
Accounts payable		**125,146,470.00**	99,326,399.10
Advances from customers		**9,658,272.20**	4,391,449.01
Employee benefits payable	14	**8,667,754.38**	9,899,170.68
Taxes payable	15	**806,689.95**	880,171.35
Interest payable		**1,742,494.94**	876,341.11
Other payables	16	**46,990,375.44**	77,275,485.58
Other current liabilities	17	**5,574,081.20**	6,797,481.20
Total current liabilities		**582,773,732.31**	586,046,498.03
Non-current Liabilities			
Accrued liabilities	18	**12,000,000.00**	–
Total non-current liabilities		**12,000,000.00**	–
TOTAL LIABILITIES		**594,773,732.31**	586,046,498.03
OWNERS' EQUITY:			
Paid-in capital	19	**514,000,000.00**	514,000,000.00
Accumulated losses	20	**(426,046,307.52)**	(271,192,213.44)
TOTAL OWNERS' EQUITY		**87,953,692.48**	242,807,786.56
TOTAL LIABILITIES AND OWNERS' EQUITY		**682,727,424.79**	828,854,284.59

The accompanying notes are part of the financial statements.

The financial statements on pages 3 to 38 were signed by the following:

Head of the Company | **Chief Financial Officer** | **Head of Accounting Department**

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

	NOTE VII	2016 RMB	2015 RMB
Operating income	21	**339,892,393.01**	429,317,952.76
Less: Operating costs	22	**368,757,161.75**	423,955,811.87
Sales tax		**2,162,488.62**	3,687.41
Selling and distribution expenses		**(1,466,281.38)**	58,275,031.55
Administrative expenses		**47,734,732.65**	48,322,474.67
Financial expenses	23	**13,228,742.97**	16,203,414.26
Impairment loss in respect of assets	24	**52,628,664.13**	25,253,059.11
Operating loss		**(143,153,115.73)**	(142,695,526.11)
Add: Non-operating income	25	**762,043.50**	521,210.06
Less: Non-operating expenses	26	**12,463,021.85**	451,947.37
Total loss		**(154,854,094.08)**	(142,626,263.42)
Less: Income tax expenses	27	**–**	–
Net loss		**(154,854,094.08)**	(142,626,263.42)
Other comprehensive income		**–**	–
Total comprehensive expense		**(154,854,094.08)**	(142,626,263.42)

The accompanying notes are part of the financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

	NOTE VII	2016 RMB	2015 RMB
Cash Flows from Operating Activities			
Cash receipts from the sale of goods and the rendering of services		**447,750,604.47**	588,620,642.64
Receipts of tax refunds		**4,548,083.30**	4,368,255.80
Other cash receipts relating to operating activities		**4,651,870.39**	4,627,958.12
Sub-total of cash inflows		**456,950,558.16**	597,616,856.56
Cash payments for goods purchased and services received		**360,058,827.22**	433,114,314.96
Cash payments to and on behalf of employees		**62,551,948.71**	68,653,426.04
Payments of all types of taxes		**3,253,179.96**	3,776,093.53
Other cash payments relating to operating activities		**36,475,410.66**	73,528,230.89
Sub-total of cash outflows		**462,339,366.55**	579,072,065.42
Net Cash Flows from Operating Activities		**(5,388,808.39)**	18,544,791.14
Cash Flows from Investing Activities			
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		**36,942.27**	–
Sub-total of cash inflows		**36,942.27**	–
Cash payments to acquire and construct fixed assets, intangible assets and other long-term assets		**7,661,930.53**	4,000,611.35
Sub-total of cash outflows		**7,661,930.53**	4,000,611.35
Net Cash Flows from Investing Activities		**(7,624,988.26)**	(4,000,611.35)
Cash Flows from Financing Activities			
Cash receipts from borrowings		**319,000,000.00**	191,000,000.00
Sub-total of cash inflows		**319,000,000.00**	191,000,000.00
Cash repayments of amounts borrowed		**287,600,000.00**	182,620,000.00
Cash payments for distribution of dividends or profit or interest expenses		**14,934,917.31**	20,234,904.09
Sub-total of cash outflows		**302,534,917.31**	202,854,904.09
Net Cash Flows from Financing Activities		**16,465,082.69**	11,854,904.09
Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		**–**	–
Net Increase in Cash and Cash Equivalents		**3,451,286.04**	2,689,275.70
Add: Opening balance of Cash and Cash Equivalents		**33,041,358.42**	30,352,082.72
Closing Balance of Cash and Cash Equivalents	28	**36,492,644.46**	33,041,358.42

The accompanying notes are part of the financial statements.

STATEMENT OF CHANGES IN OWNERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Paid-in capital RMB	Accumulated losses RMB	Total owners' equity RMB
I. Balance at 1 January 2016	514,000,000.00	(271,192,213.44)	242,807,786.56
II. Changes for the year			
(I) Net loss	–	(154,854,094.08)	(154,854,094.08)
III. Balance at 31 December 2016	514,000,000.00	(426,046,307.52)	87,953,692.48
I. Balance at 1 January 2015	514,000,000.00	(128,565,950.02)	385,434,049.98
II. Changes for the year			
(I) Net loss	–	(142,626,263.42)	(142,626,263.42)
III. Balance at 31 December 2015	514,000,000.00	(271,192,213.44)	242,807,786.56

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

I. GENERAL

Mahindra Yueda (Yancheng) Tractor Co., Ltd. (the "Company") was a limited company incorporated in Yancheng, Jiangsu on 28 November 2008. The Company principally engages in the production, sales and after-sales service of tractors, mechanised farm implements, other farm machineries and farm machinery parts.

The Company's parent company is Mahindra Overseas Investment Company (Mauritius) Ltd. ("Mahindra Mauritius"), and the ultimate holding company is Mahindra & Mahindra Limited.

On 30 August 2015, the shareholder Jiangsu Yueda Yancheng Tractor Manufacturing Co., Ltd ("Yueda Tractor")signed an equity transfer agreement with Jiangsu Yueda Investment Co., Ltd (Yueda Investment), Yueda Tractor agreed to transfer 49% shares to Yueda Investment. All rights and obligations relating to the original joint venture arrangement are transferred to Yueda Investment. The alteration of the articles of association, appointment of board members, and jointed operation agreement has been completed before 31 December 2015.

Details of capital contributions paid by the investing parties are set out in Note VII.19.

II. STATEMENT OF COMPLIANCE WITH THE ASBE

The financial statements of the Company have been prepared in accordance with Accounting Standards for Business Enterprises, and present truly and completely, the Company's financial position as of 31 December 2016, and the Company's results of operations and cash flows for the year then ended.

III. BASIS OF PREPARATION

At 31 December 2016, the Company's accumulated losses were RMB 426,046,307.52, total current liabilities exceeded total current assets RMB 181,765,013.56. The Company's investors, Mahindra Mauritius and Yueda Investment have undertaken to provide the necessary financial support to enable the Company to continue operations, including an undertaking to provide financial support to the Company when its debts fall due, and not to demand repayment of debts owed by the Company in the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Accounting year

   The Company has adopted the calendar year as its accounting year, i.e. from 1 January to 31 December.

2. Functional currency

   RMB is the currency of the primary economic environment in which the Company operates. The functional currency of the Company is RMB.

3. Basis of accounting and principle of measurement

   The Company has adopted the accrual basis of accounting. Except for certain financial instruments which are measured at fair value, the Company has adopted the historical cost as the principle of measurement of the financial statements. Where assets are impaired, provisions for asset impairment are made in accordance with relevant requirements.

4. Cash equivalents

   Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

5. Financial Instruments

   When the Company becomes a party to the contractual provisions of a financial instrument, related financial assets or financial liabilities are recognized. Financial assets and financial liabilities are initially recognized at fair value. For financial assets and financial liabilities classified as at fair value through profit or loss, related transaction costs are charged to the profit or loss for the current period; for financial assets and financial liabilities classified as other categories, related transaction costs are included in the initial recognition amounts.

5.1 Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, using the effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability or, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial asset or financial liability (without considering future credit losses), and meanwhile considers all fees paid or received between the parties to the contract giving rise to the financial asset and financial liability that are an integral part of the effective interest rate, transaction costs, and premiums or discounts etc.

5.2 Classification, recognition and measurement of financial assets

On initial recognition, the Company's financial assets are classified into loans and receivables. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets classified as loans and receivables by the Company include notes receivable, accounts receivable and other receivables.

Loans and receivables are subsequently measured at amortized cost using the effective interest method. Gains or losses arising from derecognition, impairment or amortization are recognized in profit or loss for the current period.

5.3 Impairment of financial assets

The Company assesses at each balance sheet date the carrying amounts of financial assets other than those at fair value through profit or loss. If there is objective evidence that a financial asset is impaired, the Company determines the amount of any impairment loss. Objective evidence that a financial asset is impaired is evidence that, arising from one or more events that occurred after the initial recognition of the asset, the estimated future cash flows of the financial asset, which can be reliably measured, have been affected.

Objective evidence that a financial asset is impaired includes evidence arising from the following events:

(1) Significant financial difficulty of the issuer or obligor;

(2) A breach of contract by the borrower, such as a default or delinquency in interest or principal payments;

(3) The Company, for economic or legal reasons relating to the borrower's financial difficulty, granting a concession to the borrower;

(4) It is becoming probable that the borrower will enter bankruptcy or other financial reorganizations;

(5) The disappearance of an active market for that financial asset because of financial difficulties of the issuer;

(6) Upon an overall assessment of a group of financial assets, observable data indicates that there is a measurable decrease in the estimated future cash flows from the group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:

   – Adverse changes in the payment status of borrowers in the group;

– National or local economic conditions that correlate with the defaults on the assets in the group;

(7) Significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, indicating that the cost of the investment in the equity instrument may not be recovered by the investor;

(8) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost;

(9) Other objective evidence indicating there is an impairment of a financial asset.

Impairment of financial assets carried at amortised cost

If financial assets carried at amortised cost are impaired, the carrying amounts of the financial assets are reduced to the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The amount of reduction is recognized as an impairment loss in profit or loss. If, subsequent to the recognition of an impairment loss on financial assets carried at amortized cost, there is objective evidence of a recovery in value of the financial assets which can be related objectively to an event occurring after the impairment is recognized, the previously recognized impairment loss is reversed. However, the reversal does not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed.

For a financial asset that is individually significant, the Company assesses the asset individually for impairment. For a financial asset that is not individually significant, the Company assesses the asset individually for impairment or includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset (whether significant or not), it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets for which an impairment loss is individually recognized are not included in a collective assessment of impairment.

5.4 Derecognition of financial assets

The Company derecognizes a financial asset only when: (1) the contractual rights to receive the cash flows from the financial asset expire; or (2) it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to the transferee; or (3) it transfers the financial asset, neither transfers nor retains substantially all the risks and rewards of ownership but has not retained control of the financial asset.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it retains control of the financial asset, it recognizes the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes an associated liability. The extent of the Company's continuing involvement in the transferred asset is the extent to which it is exposed to changes in the value of the transferred asset.

For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, the difference between (1) the carrying amount of the financial asset transferred; and (2) the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognized in other comprehensive income, is recognized in profit or loss.

If a part of the transferred financial asset qualifies for derecognition, the carrying amount of the transferred financial asset is allocated between the part that continues to be recognized and the part that is derecognized, based on the respective fair values of those parts. The difference between (1) the carrying amount allocated to the part derecognized; and (2) the sum of the consideration received for the part derecognized and any cumulative gain or loss allocated to the part derecognized which has been previously recognized in other comprehensive income, is recognized in profit or loss.

5.5 Classification, recognition and measurement of financial liabilities

The Company classifies debt instruments into financial liabilities on the basis of the substance of the contractual arrangements and definitions of financial liability.

On initial recognition, financial liabilities are classified into other financial liabilities.

Other financial liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with gain or loss arising from derecognition or amortization recognized in profit or loss.

5.6 Derecognition of financial liabilities

The Company derecognizes a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged. An agreement between the Company (an existing borrower) and an existing lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

When the Company derecognizes a financial liability or a part of it, it recognizes the difference between the carrying amount of the financial liability (or part of the financial liability) derecognized and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss.

5.7 Offsetting financial assets and financial liabilities

Where the Company has a legal right that is currently enforceable to set off the recognized amounts, and intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously, a financial asset and a financial liability shall be offset and the net amount presented in the balance sheet. Except for the circumstances above, financial assets and financial liabilities shall be presented separately in the balance sheet and shall not be offset.

5.8 Equity instruments

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity.

No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

6. Inventories

The Company's inventories mainly include raw materials, work in progress-outsourced, work in process and finished goods. Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition.

Inventories are accounted for using the weighted average method upon delivery.

At the balance sheet date, inventories are measured at the lower of cost and net realizable value. If the cost of inventories is higher than the net realizable value, a provision for decline in value of inventories is made.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes. Purpose of inventories being held and effect of the post balance sheet events shall be taken into consideration in determining the net realizable value based on the conclusive evidence available.

Provision for decline in value of inventories is made based on the excess of cost of inventory compared with its net realizable value on an item-by-item basis.

After provision for decline in value of inventories is made, if the circumstances that previously caused inventories to be written down no longer exist, resulting in the cost of inventories being higher than their net realizable value, the original provision for decline in value is reversed and the reversal in included in profit or loss for the current period.

The perpetual inventory system is adopted for stock count.

7. Fixed assets and depreciation

Fixed assets are tangible assets that are held for use in the production or supply of services, for rental to others, or for administrative purposes and have useful lives more than one accounting year. A fixed asset is recognized only when it is probable that economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. Fixed assets are initially measured at cost.

If it is probable that economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. Subsequent expenditures incurred for the fixed asset are included in the cost of the fixed asset. Other subsequent expenditures are recognized in profit or loss in the period in which they are incurred.

Depreciation of a fixed asset is provided over its useful life using the straight-line method since the month subsequent to the one in which it is ready for intended use. The useful life, estimated net residual value rate and annual depreciation rate of each category of fixed assets are as follows:

Classes	Useful life	Estimated net residual value rates	Annual depreciation rates
Buildings	12-40 years	2%	2.5-8.2%
Plant and machinery	10 years	2%	9.8%
Electronic equipment, furniture and fixtures	6 years	2%	16.3%
Motor vehicles	6-10 years	2%	9.8-16.3%

Estimated net residual value of a fixed asset is the estimated amount that the Company would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

If a fixed asset is on disposal or no future economic benefits are expected to be generated from its use or disposal, the fixed asset is derecognized. When a fixed asset is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes is recognized in profit or loss for the period.

The Company reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least at each financial year-end, and account for any change as a change in an accounting estimate.

8. Construction in progress

Cost of construction in progress is determined as the expenditure actually incurred for the construction, comprising all expenditure incurred for construction projects, capitalized borrowing costs incurred on a specific borrowing for the construction before it has reached working condition for its intended use, and other related expenses. No deprecation is provided for construction in progress. Construction in progress is transferred to a fixed asset when it is ready for intended use.

9. Intangible assets

Intangible assets include land use rights, trademark and software.

An intangible asset is measured initially at cost. When an intangible asset with a finite useful life is available for use, its original cost is amortized over its estimated useful life using the straight-line method.

For an intangible asset with a finite useful life, the Company reviews the useful life and amortization method at the end of the period, and makes adjustments when necessary.

9.1. Research and development expenditure

Expenditure on the research phase is recognized in profit or loss in the period in which it is incurred.

Expenditure on the development phase is recognized as an intangible asset only when the Company can demonstrate all of the following below. Otherwise, it is charged to profit or loss:

(1) The technical feasibility of completing the intangible asset so that it will be available for use or sale;

(2) Its intention to complete the intangible asset and use or sell it;

(3) How the intangible asset will generate economic benefits. Among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;

(4) The availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and

(5) Its ability to measure reliably the expenditure attributable to the intangible asset during its development phase.

If the expenditure on the research phase and on the development phase cannot be identified, the expenditure incurred should be recognized in full in profit or loss for the current period.

10. Impairment of non-financial assets

The Company assesses at each balance sheet date whether there is any indication that fixed assets, construction in progress, intangible assets with finite useful life may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets.

Recoverable amount is estimated on individual basis. If it is not possible to estimate the recoverable amount of an individual asset, the Company determines the recoverable amount of the asset group to which the asset belongs. The recoverable amount is the higher of an asset's or an asset group's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset group.

If the recoverable amount of an asset or an asset group is less than its carrying amount, the difference is recognized in profit or loss and provision for impairment loss of the asset is recognized accordingly.

Once an impairment loss on the above assets is recognized, it is not reversed in a subsequent period.

11. Estimated liabilities

An obligation related to a contingency is recognized as a provision when all of the following conditions are satisfied: (1) the obligation is a present obligation of the Company; (2) it is probable that an outflow of economic benefits will be required to settle the obligation; and (3) the amount of the obligation can be measured reliably.

At the balance sheet date, a provision is measured at the best estimate of the expenditure required to settle the related present obligation, taking into account the factors pertaining to a contingency such as the risks, uncertainties and time value of money.

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

12. Employee benefits

In the accounting period in which an employee has rendered services, the Company recognizes the employee benefits payable for those services as a liability.

Expenditure related to payments for employees' social welfare system established by the State, including pensions, medical insurance, housing funds and other social welfare contributions, is included in the cost of related assets or profit or loss for the period in which they are incurred.

13. Revenue recognition

13.1 Revenue from the sale of goods

Revenue from the sale of goods is recognized only when all of the following conditions are satisfied: (1) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods; (2) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; (3) the amount of revenue can be measured reliably; (4) it is probable that the associated economic benefits will flow to the Company; and (5) the associated costs incurred or to be incurred can be measured reliably.

14. Government grants

Government grants are the transfer of monetary assets from the government to the Company at no consideration. A government grant is recognized when the Company complies with the conditions attaching to the grant and when the Company is able to receive the grant.

If the government grant is a monetary asset, the government grant should be recognized by the amount received or receivable.

A government grant related to an asset is recognised as deferred income, and evenly amortised to profit or loss over the useful life of the related asset.

For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognized as deferred income, and recognized in profit or loss over the periods in which the related costs are recognized; if the grant is a compensation for related expenses or losses already incurred, the grant is recognized immediately in profit or loss for the current period.

15. Borrowing costs

For borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, capitalization of such borrowing costs can commence only when all of the following conditions are satisfied: (1) expenditures for the asset are being incurred; (2) borrowing costs are being incurred; and (3) activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced. Capitalization of such borrowing costs ceases when the qualifying assets being acquired, constructed or produced become ready for their intended use or sale.

The amount of other borrowing costs incurred is recognized as expenses in the period in which they are incurred.

Where funds are borrowed under a specific-purpose borrowing, the amount of interest to be capitalized is the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds. Where funds are borrowed under general-purpose borrowings, the amount of interest to be capitalized on such borrowings is determined by applying a capitalization rate to the weighted average of the excess amounts of cumulative expenditure on the asset over and above the amounts of specific-purpose borrowings. The capitalization rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

16. Income taxes

Income taxes include current income taxes, deferred tax assets and deferred tax liabilities.

16.1. Current income taxes

At the balance sheet date, current income tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid (or recovered) according to the requirements of tax laws.

16.2. Deferred tax assets and deferred tax liabilities

Temporary differences arising from the difference between the carrying amount of an asset or liability and its tax base, or the difference between the tax base and the carrying amount of those items that are not recognized as assets or liabilities but have a tax base that can be determined according to tax laws, are recognized as deferred tax assets and deferred tax liabilities using the balance sheet liability method.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets for deductible temporary differences are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. However, for temporary differences associated with the initial recognition of goodwill or the initial recognition of an asset or liability arising from a transaction that is not a business combination and does not affect neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred tax asset or liability is recognized.

For the carry forward of deductible losses and tax credits, deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilized.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates, which are expected to apply to the period in which the asset is realized or the liability is settled according to tax laws.

Current and deferred tax expenses or income are recognized in profit or loss for the current period, except when they arise from transactions or events that are directly recognized in other comprehensive income or in equity, in which case they are recognized in other comprehensive income or in equity, and when they arise from business combinations, in which case they adjust the carrying amount of goodwill.

At the balance sheet date, the carrying amount of deferred tax assets is reviewed and reduced if it is no longer probable that sufficient taxable profits will be available in the future to allow the benefit of deferred tax assets to be utilized. Any such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

16.3. Offset of deferred tax assets and deferred tax liabilities

When the Company has a legal right to settle on a net basis and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously, current tax assets and current tax liabilities are offset and presented on a net basis.

When the Company has a legal right to settle current tax assets and liabilities on a net basis, and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be reversed, deferred tax assets and deferred tax liabilities are offset and presented on a net basis.

17. Translations of transactions denominated in foreign currencies

A foreign currency transaction is recorded, on initial recognition in the functional currency, by applying an exchange rate that approximates the actual spot exchange rate on the date of transaction.

At the balance sheet date, foreign currency monetary items are translated into RMB using the spot exchange rate at the balance sheet date. Exchange differences arising from the differences between the spot exchange rate prevailing at the balance sheet date and those spot rates used on initial recognition or at the previous balance sheet date are recognized in profit or loss for the current period.

Foreign currency non-monetary items measured at historical cost continue to be translated at the spot exchange rates at the dates of transactions, the amounts in functional currency remain unchanged. Foreign currency non-monetary items carried at fair value are translated using the spot exchange rates at the date when the fair value was determined. Differences between the translated amount and the original amount of functional currency are accounted for as changes in fair value (including changes in foreign exchange rates) and included in profit or loss for the period or owners' equity.

18. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

18.1. The Company records operating leases as lessee

Operating lease payments are recognized on a straight-line basis over the term of the relevant lease, and are either included in the cost of related asset or charged to profit or loss for the current period. Initial direct costs incurred are charged to profit or loss for the period. Contingent rents are charged to profit or loss in the period in which they are actually incurred.

V. BASIS OF DETERMINING SIGNIFICANT ACCOUNTING POLICIES AND KEY ASSUMPTIONS AND UNCERTAINTIES IN ACCOUNTING ESTIMATES

In the application of the Company's accounting policies, which are described in Note IV, the Company is required to make judgments, estimates and assumptions about the carrying amounts of items in the financial statements that cannot be measured accurately, due to the internal uncertainty of the operating activities. These judgments, estimates and assumptions are based on historical experiences of the Company's management as well as other factors that are considered to be relevant. Actual results may differ from these estimates.

The aforementioned judgments, estimates and assumptions are reviewed regularly on a going concern basis. The effect of a change in accounting estimate is recognized in the period of the change, if the change affects that period only; or recognized in the period of the change and future periods, if the change affects both.

– Critical judgments in applying accounting policies

Useful lives of fixed assets and intangible assets

The Company reviews the useful lives of fixed assets and intangible assets at least at each financial year-end. When the re-estimation results regarding the useful lives of fixed assets and intangible assets differ from the existing estimate, the difference will affect the net book value of fixed assets and intangible assets in the period of the change.

Impairment of non-current assets

The Company evaluates evidences of impairment for non-current assets (with exception of financial assets) on balance sheet date. Impairment tests are implemented when evidences indicate book value is not fully recoverable. Impairment exists when book value of assets or asset groups exceeds recoverable value, which equals to net value derived from fair value minus disposal cost, or present value of predicted future cash flow, whichever is higher. When determining present value of predicted future cash flow, management shall predict future cash flow for assets or asset groups and apply appropriate discount rate in order to arrive at present value of future cash flow. As at 31 December 2016, balance of fixed asset impairment of the Company is RMB5,289,726.68 (as at 31 December 2015: 0), balance of intangible asset impairment of the Company is RMB15,110,777.91 (as at 31 December 2015: 0).

Provision for decline in value of inventories

The Company's inventories are measured at the lower of cost and net realizable value. If the cost of inventories is higher than the net realizable value, a provision for decline in value of inventories shall be recognized. The provision for decline in value of inventories requires judgments and estimate. If re-estimation results differ from the existing estimates, the difference will affect the net book value of inventories in the period of the change. As at 31 December 2016, balance of inventory impairment of the Company is RMB22,144,351.86 (as at 31 December 2015: RMB16,929,277.24).

Impairment of accounts receivable

The Company recognizes bad debt on the based on judgments of collectability of receivables. If there is objective evidence that account receivables could not be received, the bad debt should be recognized. The determination of bad debts requires judgments and estimates. If re-estimation results differ from the existing estimates, the difference will affect the net book value of account receivables in the period of the change. As at 31 December 2016, balance of account receivable impairment of the Company is RMB52,139,957.70 (as at 31 December 2015: RMB25,344,454.83).

Recognition of Deferred tax assets

The recognition of deferred tax assets depends on the future profit and temporary difference, also the tax rate of future years. Cause of uncertainty of when the temporary difference and deductible loss can be utilized, the Company did not recognize defer tax assets of temporary difference RMB146,922,204.70 (31 Dec 2015: RMB83,150,254.15) and deductible losses RMB253,624,724.35 (31 Dec 2015: RMB173,336,528.77).

VI. TAXATION

VAT

Value added tax ("VAT") on sales is calculated at 13% on revenue according to the relevant requirements of tax laws and paid after deducting input VAT on purchases.

Income Taxes

In November 2015, the Company has been renewed for the qualification of the second batch of High Tech Enterprises (Su Gao Qi Xie 2015 No.16), and enjoys the preferential tax rate of 15% from 2015 to 2017.

VII. NOTES TO THE FINANCIAL STATEMENTS

1. Currency funds

	2016 RMB	2015 RMB
Cash	**7,139.28**	6,920.85
Bank balance	**36,485,505.18**	33,034,437.57
Other currency funds	**74,187,594.20**	70,640,000.00
	110,680,238.66	103,681,358.42

Among which the restricted currency funds are as follows:

	2016 RMB	2015 RMB
Other currency funds		
– Pledged for bank acceptance bills	**74,187,594.20**	70,640,000.00

2. Notes receivables

	2016 RMB	2015 RMB
Bank acceptance bills	**7,494,993.80**	**3,160,000.00**

3. Accounts receivable

The aging analysis of accounts receivable is as follows:

	2016				2015			
	Gross amount RMB	**Ratio %**	**Bad debt provision RMB**	**Net book value RMB**	Gross amount RMB	Ratio %	Bad debt provision RMB	Net book value RMB
Within 1 year	**114,098,402.24**	**71**	**9,311,511.68**	**104,786,890.56**	174,332,003.34	76	4,146,056.49	170,185,946.85
1-2 years	**24,892,497.62**	**16**	**18,162,798.42**	**6,729,699.20**	36,155,220.28	16	4,136,184.03	32,019,036.25
2-3 years	**10,338,784.31**	**6**	**8,271,027.45**	**2,067,756.86**	8,848,900.96	4	3,963,824.90	4,885,076.06
Over 3 years	**11,664,620.15**	**7**	**11,664,620.15**	**–**	9,357,085.11	4	8,368,389.41	988,695.70
Total	**160,994,304.32**	**100**	**47,409,957.70**	**113,584,346.62**	228,693,209.69	100	20,614,454.83	208,078,754.86

Changes in the bad debt provision for uncollectible accounts receivable are as follows:

	2016 RMB	2015 RMB
Balance at beginning of year	**20,614,454.83**	9,867,914.28
Additions	**27,013,084.92**	11,570,826.41
Written off	**(217,582.05)**	(824,285.86)
Balance at end of year	**47,409,957.70**	20,614,454.83

4. Other receivables

The aging analysis of other receivables is as follows:

	2016				2015			
	Gross amount RMB	**Ratio %**	**Bad debt provision RMB**	**Net book value RMB**	Gross amount RMB	Ratio %	Bad debt provision RMB	Net book value RMB
Within 1 year	**3,640,599.10**	**36**	**–**	**3,640,599.10**	**6,006,780.33**	51	–	6,006,780.33
1-2 years	**1,058,651.69**	**10**	**–**	**1,058,651.69**	**1,125,621.62**	11	–	1,125,621.62
2-3 years	**836,927.34**	**8**	**–**	**836,927.34**	**4,730,000.00**	38	4,730,000.00	–
Over 3 years	**4,730,000.00**	**46**	**4,730,000.00**	**–**	**–**	–	–	–
Total	**10,266,178.13**	**100**	**4,730,000.00**	**5,536,178.13**	11,862,401.95	100	4,730,000.00	7,132,401.95

Changes in the bad debt provision for uncollectible accounts receivable are as follows:

	2016 RMB
Balance at beginning and end of year	**4,730,000.00**

5. Inventories

	2016 RMB	2015 RMB
Cost		
Raw materials	**57,596,135.21**	65,003,935.42
Work-in-progress	**20,339,809.07**	11,247,123.43
Finished goods	**28,109,723.95**	48,379,003.87
	106,045,668.23	124,630,062.72
Less: provision for the decline in value of inventories	**22,144,351.86**	16,929,277.24
Total of inventories	**83,901,316.37**	107,700,785.48

Changes in write-down of inventories are as follows:

	1/1/2016 RMB	**Additions RMB**	**31/12/2016 RMB**
Provision for decline in value of inventories:			
Raw materials	**13,659,956.24**	**(2,327,862.89)**	**11,332,093.35**
Work-in-progress	**–**	**1,927,212.53**	**1,927,212.53**
Finished Goods	**3,269,321.00**	**5,615,724.98**	**8,885,045.98**
	16,929,277.24	**5,215,074.62**	**22,144,351.86**

6. Other Current Assets

	2016 RMB	2015 RMB
Debit side of VAT (within one year)	75,521,038.35	70,123,021.48

7. Fixed assets

	Buildings RMB	Plant and machinery RMB	Electronic equipment, furniture & fixtures RMB	Transportation equipment RMB	Total RMB
Cost					
1 January 2016	192,023,044.20	160,305,153.80	17,967,622.37	4,244,941.74	374,540,762.11
Additions	–	476,229.85	19,831.62	146,861.76	642,923.23
Transfer from construction in progress	493,801.73	373,858.29	1,158,319.14	–	2,025,979.16
Disposals	–	(47,900.00)	(33,976.08)	(106,962.33)	(188,838.41)
31 December 2016	192,516,845.93	161,107,341.94	19,111,797.05	4,284,841.17	377,020,826.09
Accumulated Depreciation					
1 January 2016	33,862,584.00	92,124,306.75	8,600,452.20	3,533,812.91	138,121,155.86
Charges for the year	6,575,742.59	13,851,472.73	1,811,390.63	292,236.81	22,530,842.76
Eliminated on disposals	–	(46,942.00)	(33,296.56)	(90,223.55)	(170,462.11)
31 December 2016	40,438,326.59	105,928,837.48	10,378,546.27	3,735,826.17	160,481,536.51
Impairment 1 January 2016	–	–	–	–	–
Additions	124.02	2,585,295.53	2,684,280.12	20,027.01	5,289,726.68
31 December 2016	124.02	2,585,295.53	2,684,280.12	20,027.01	5,289,726.68
Net book value 1 January 2016	158,160,460.20	68,180,847.05	9,367,170.17	711,128.83	236,419,606.25
31 December 2016	152,078,395.32	52,593,208.93	6,048,970.66	528,987.99	211,249,562.90
Net book value of pledged fixed assets (Note) 1 January 2016	128,974,802.86	–	–	–	128,974,802.86
31 December 2016	124,785,788.97	–	–	–	124,785,788.97

Note: The assets were pledged as collateral for short-term borrowings, details refer to Note VII.12.

8. Construction in progress

Items	1/1/2016 RMB	Additions RMB	Completed and transferred to fixed assets RMB	31/12/2016 RMB
Other project	2,755,795.68	5,425,142.45	(2,025,979.16)	6,154,958.97

9. Intangible assets

	Know-how RMB	Land use right RMB	Trademark RMB	Software RMB	Total RMB
Cost					
1 January 2016	19,709,710.16	72,737,078.60	10,184,391.00	3,057,884.71	105,689,064.47
Additions	–	–	–	179,245.29	179,245.29
31 December 2016	19,709,710.16	72,737,078.60	10,184,391.00	3,237,130.00	105,868,309.76
Accumulated Depreciation					
1 January 2016	2,627,961.35	9,947,738.72	7,087,686.01	1,759,664.09	21,423,050.71
Charges for the year	1,970,970.90	1,509,833.91	1,032,613.65	529,834.32	5,020,297.51

	Know-how RMB	Land use right RMB	Trademark RMB	Software RMB	Total RMB
31 December 2016	**4,598,932.25**	**11,457,572.60**	**8,097,344.42**	**2,289,498.41**	**26,443,347.68**
Impairment					
1 January 2016	–	–	–	–	–
Additions	**15,110,777.91**	–	–	–	**15,110,777.91**
31 December 2016	**15,110,777.91**	–	–	–	**15,110,777.91**
Net book value					
1 January 2016	**17,081,748.81**	**62,789,339.88**	**3,096,704.99**	**1,298,220.62**	**84,266,014.30**
31 December 2016	**–**	**61,279,506.00**	**2,087,046.58**	**947,631.59**	**64,314,184.17**
Remaining years for amortisation	0	40-45	2	1-5	

As at 31 December 2016, land use right with a carrying value of RMB61,279,506.00 (2015: RMB62,789,339.88) was pledged as collateral.

10. Provision for impairment loss of assets

	1/1/2016 RMB	Provided for the year RMB	Written off RMB	31/12/2016 RMB
Bad debt provision	**25,344,454.83**	**27,013,084.92**	**(217,582.05)**	**52,139,957.70**
Provision for decline in value of inventories	**16,929,277.24**	**5,215,074.62**	**–**	**22,144,351.86**
Provision for fixed assets	**–**	**5,289,726.68**	**–**	**5,289,726.68**
Provision for intangible assets	**–**	**15,110,777.91**	**–**	**15,110,777.91**
Total	**42,273,732.07**	**52,628,664.13**	**(217,582.05)**	**94,684,814.15**

11. Assets with restrictions on ownership

	2016 RMB	2015 RMB
Category of assets with restrictions on ownership		
I. Assets pledged as collateral		
Buildings	**124,785,788.97**	128,974,802.86
Land use rights	**61,279,506.00**	62,789,339.88
	186,065,294.97	191,764,142.74
II. Pledged bank deposit (Note VII. 1)	**74,187,594.20**	70,640,000.00
	260,252,889.17	**262,404,142.74**

12. Short-term Borrowings

Category	2016 RMB	2015 RMB
Guarantee loans (note 1)	**176,000,000.00**	175,000,000.00
Collateral loans (note 2)	**133,000,000.00**	100,000,000.00
Unsecured loans	**1,000,000.00**	1,000,000.00
Total	**310,000,000.00**	**276,000,000.00**

Notes:

1. As at 31 December 2016, RMB176,000,000.00 (2015:RMB150,000,000.00)in the guarantee loans was supported by a Letter of Comfort issued by Mahindra & Mahindra Limited, the ultimate holding company of the Company. As at 31 December 2015, RMB25,000,000.00 was credit supported by the third party ' Yanchen Rong Nan Machinery Manufacturing Co., Ltd.'
2. For category and amount of collateral assets, refer to Notes VII.7 and 9.

13. Notes payable

	2016 RMB	2015 RMB
Bank acceptance	**74,187,594.20**	**110,600,000.00**

14. Employee benefits payable

Items	1/1/2016 RMB	Accruals RMB	Payments RMB	31/12/2016 RMB
Wages or salaries, bonuses, allowances, subsidies	9,606,098.79	41,763,734.83	42,961,742.59	8,408,091.03
Staff welfare	–	3,295,451.85	3,295,451.85	
Including: Medical insurance	–	2,979,224.49	2,979,224.49	–
Injury insurance	–	302,245.20	302,245.20	–
Maternity insurance	–	13,982.16	13,982.16	–
Housing funds	–	2,927,480.00	2,927,480.00	–
Union running costs and employee education costs	49,700.00	5,494,295.29	5,515,555.29	28,440.00
Planned contribution	–	6,928,619.44	6,928,619.44	–
Including: Basic pensions	–	6,950,935.28	6,950,935.28	–
Unemployment insurance	–	(22,315.84)	(22,315.84)	–
Union running costs and employee education costs	243,371.89	910,951.00	923,099.54	231,223.35
Total	9,899,170.68	61,320,532.41	62,551,948.71	8,667,754.38

15. Tax payable

	2016 RMB	2015 RMB
Other taxes	806,689.95	880,171.35

16. Other payables

	2016 RMB	2015 RMB
Sales discounts and allowances	38,618,929.03	65,246,852.70
Borrowings	3,315,696.60	5,727,462.67
Purchase of fixed assets	2,727,908.60	4,142,528.16
Others	2,327,841.21	2,158,642.05
Total	46,990,375.44	77,275,485.58

17. Other current liabilities

	2016 RMB	2015 RMB
Product quality warranty and other accrued expenses	5,574,081.20	6,797,481.20

18. Accured liabilities

	2016 RMB	2015 RMB
Pending litigation	12,000,000.00	–

Note: The amount above was due to the accrual of possible compensation arising from a procurement contract litigation against Taizhou Yusheng Mechanics Co., Ltd. ("Yusheng"). The Company entered into a purchase contract with Yusheng on August 22, 2011. Due to the fact that purchase volume from Yusheng between 2014-2015 was under minimum volume agreed in the contract, Yusheng initiated an legal proceeding against the Company. The proceeding is still in progress, and the Company accrued estimated liabilities in the amount of RMB12,000,000.00 based on current progress of the case and mediation negotiation outcome between the two parties.

19. Paid-in capital

The registered capital of the Company is RMB514,000,000.00; which has been fully paid-up by 31 December 2013. The investors' capital contributions which have been made in accordance with the Company's memorandum and articles are as follows:

	2016 & 2015	
	RMB	Ratio %
Mahindra Mauritius	262,140,000.00	51
Yueda Investment	251,860,000.00	49
	514,000,000.00	**100**

The above capital contributions have been verified by capital verification report Suzhengzhong Yanzi (2009) No. 4, (2009) No. 6, (2009) No. 66, (2012) No. 24 and (2014) No. 2 issued by Jiangsu Zheng Zhong Certified Public Accountants Co., Ltd.

20. Accumulated losses

	2016 **RMB**	2015 RMB
Accumulated losses at beginning of year	**(271,192,213.44)**	(128,565,950.02)
Add: Net loss of the year	**(154,854,094.08)**	(142,626,263.42)
Accumulated losses at end of year	**(426,046,307.52)**	**(271,192,213.44)**

21. Operating income

	2016 **RMB**	2015 RMB
Principal operating activities	**320,926,336.13**	401,689,732.60
Export sale	**40,831,994.78**	30,326,592.55
Domestic sales	**280,094,341.35**	371,363,140.05
Other operating activities	**18,966,056.88**	27,628,220.16
Sales of materials	**18,966,056.88**	27,628,220.16
Total	**339,892,393.01**	**429,317,952.76**

22. Operating costs

	2016 **RMB**	2015 RMB
Principal operating activities	**352,279,238.37**	394,650,127.39
Cost of export sales	**44,699,394.74**	32,054,587.86
Cost of domestic sales	**307,579,843.63**	362,595,539.53
Other operating activities	**16,477,923.38**	29,305,684.48
Cost of sales of materials	**16,477,923.38**	29,305,684.48
Total	**368,757,161.75**	**423,955,811.87**

23. Financial expenses

	2016 **RMB**	2015 RMB
Interest expense	**15,801,071.14**	20,171,125.03
Less: Interest income	**2,327,633.06**	4,106,748.06
Subtotal	**13,473,438.08**	16,064,376.97
Exchange differences	**(323,714.53)**	(191,081.53)
Others	**79,019.42**	330,118.82
Total	**13,228,742.97**	**16,203,414.26**

24. Asset impairment

	2016 **RMB**	2015 RMB
Bad debt losses	**27,013,084.92**	11,570,826.41
Write-down of inventories	**5,215,074.62**	13,682,232.70
Fixed assets impairment	**5,289,726.68**	–
Intangible assets impairment	**15,110,777.91**	–
Total	**52,628,664.13**	**25,253,059.11**

25. Non-operating income

	2016 **RMB**	2015 RMB
Government grant (Note)	**699,730.00**	824,152.84
Gains on disposal of fixed assets	**34,029.99**	–
Compensation and donation income	**12,273.50**	8,460.50
Payables that cannot be settled	**16,010.01**	–
Other	**–**	(311,403.28)
Total	**762,043.50**	**521,210.06**

Note: Government grant mainly relates to policy introduced funds paid out by government and administrative appropriations. They are one-off rewards and not associated with projects.

26. Non-operating expenses

Non-operating expenses mainly consist of accrued estimated liabilities in the amount of RMB12,000,000.00 (Note VII. 18), asset disposal loss, and donation contributions.

27. Income tax

	2016 RMB	2015 RMB
Current tax expense	**–**	–

Reconciliation of income tax expenses to the accounting loss is as follows:

	2016 RMB	2015 RMB
Accounting loss	**(154,854,094.08)**	(142,626,263.42)
Income tax expenses calculated at 15% (2015: 15%)	**(23,228,114.11)**	(21,393,939.51)
Tax effect of expenses that are not deductible for tax purposes	**776,148.78**	270,066.99
Effect of unrecognized deductible losses and temporary deductible differences	**22,451,965.33**	21,123,872.52
Income tax expense	**–**	–

Deferred tax assets are not recognised for the following deductible temporary differences and deductible losses due to the unpredictably of future profit streams:

	2016 RMB	2015 RMB
Bad debt provision	**52,139,957.70**	25,344,454.83
Inventory provision	**22,144,351.86**	16,929,277.24
Fixed assets impairment	**15,110,777.85**	–
Intangible assets impairment	**5,289,726.68**	–
Other temporary difference	**52,237,390.61**	40,876,522.08
Deductible losses	**253,624,724.35**	173,336,528.77
Total	**400,546,929.05**	**256,486,782.92**

The deductible losses which are not recognised as deferred tax assets will expire in the following years:

	2016 RMB	2015 RMB
2017	**55,480,733.41**	55,480,733.41
2018	**5,166,236.03**	5,166,236.03
2019	**18,385,685.40**	18,385,685.40
2020 (Note)	**88,684,251.25**	94,303,873.93
2021	**85,907,818.26**	–
Total	**253,624,724.35**	**173,336,528.77**

Note: The deductible losses which will expire in 2020 has been adjusted according to authentication report on 2015 income tax final assessment.

28. Cash and cash equivalents

	2016 RMB	2015 RMB
Cash on hand	**7,139.28**	6,920.85
Bank demand deposits	**36,485,505.18**	33,034,437.57
Cash and cash equivalent balances	**36,492,644.46**	33,041,358.42
Restricted cash and cash equivalents (Note VII. 1)	**74,187,594.20**	**70,640,000.00**

29. Supplementary information to the cash flow statement

	2016 RMB	2015 RMB
Reconciliation of net loss to cash flow from operating activities		
Net loss	**(154,854,094.08)**	(142,626,263.42)
Add: Provision for asset impairment	**52,628,664.13**	25,253,059.11
Depreciation of fixed assets	**22,530,842.76**	23,688,337.78
Amortisation of intangible assets	**5,020,297.51**	5,048,726.07
Gains on disposal of fixed assets, intangible assets and other long-term assets	**(18,565.97)**	–

	2016 RMB	2015 RMB
Financial expenses	**15,801,071.14**	20,171,125.03
Decrease in inventories (less increase)	**18,584,394.49**	11,850,544.91
Increase in operating receivables	**65,691,839.82**	105,569,912.00
Increase in operating payables (less decrease)	**(27,225,663.99)**	6,599,349.66
Decrease in restricted cash and cash equivalents (less increase)	**(3,547,594.20)**	(37,010,000.00)
Net cash flow from operating activities	**(5,388,808.39)**	**18,544,791.14**
Net changes in cash and cash equivalents		
Closing balance of cash	**36,492,644.46**	33,041,358.42
Less: Opening balance of cash	**33,041,358.42**	30,352,082.72
Net increase in cash and cash equivalents	**3,451,286.04**	**2,689,275.70**

VIII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(1) Nature of relationship with related parties where a control relationship exists:

Name	Registered place	Relationship with the Company	Proportion of voting power and shareholdings
Mahindra Mauritius	Mauritius	Parent company	51%
Mahindra & Mahindra Limited	India	Ultimate holding company	51%

(2) Nature of relationship with related parties where a control relationship does not exist:

Name	Relationship with the Company
Yueda Tractor	The Chinese investor (Transferred in 2015)
Yueda Investment	The Chinese investor

(3) Significant transactions between the Company and the above related parties in current year:

(a) Purchases

Purchases between the Company and its related parties are as follows:

	2016 RMB	2015 RMB
Purchases		
– Mahindra & Mahindra Limited	**–**	3,482,746.47
– Yueda Tractor	**–**	181,528.81
	–	**3,664,275.28**

(b) Borrowings/loans

Details of borrowings and loans between the Company and its related parties are as follows:

	Amount incurred during 2016 RMB	Balance as of 31/12/2016 RMB	Amount incurred during 2015 RMB	Balance as of 31/12/2015 RMB	Annual interest rate %
– Yueda Tractor	**–**	**–**	**(4,000,000.00)**	**–**	**7.2**

(c) Others

Details of other transactions between the Company and its related party are as follows:

	2016 RMB	2015 RMB
Interest Expense		
– Yueda Tractor	**–**	557,506.09

(d) Balance due to/from related parties

Accounts	Name of related parties	2016 RMB	2015 RMB
Other receivables	Mahindra & Mahindra Limited	**84,438.19**	1,488,037.92
	Yueda Investment	**39,640.00**	–
		124,078.19	**1,488,037.92**

IX. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's major financial instruments include currency funds, notes receivable, accounts receivable, other receivables, notes payable, short term loan, account payables and other payables. Details of these financial instruments are disclosed in Note VII. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

1. Risk management objectives and policies

The Company's risk management objectives are to achieve proper balance between risks and yield, minimise the adverse impacts of risks on the Company's operation performance, and maximise the benefits of the shareholders and other equity investors. Based on these risk management objectives, the Company's basic risk management strategy is to identify and analyse the industry's exposure to various risks, establish appropriate bottom line for risk tolerance, implement risk management, and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

1.1. Market risk

1.1.1. Currency risk

Currency risk is the risk that losses will occur because of changes in foreign exchange rates. The Company's exposure to the currency risk is primarily associated with USD. Except for overseas sales denominated in USD, the Company's other principal activities are denominated and settled in RMB. As at 31 December 2015, except for the following assets denominated in USD, the other assets and liabilities balances are all denominated in RMB. Those assets denominated in USD are exposed to currency risk and may influence the operating results of the Company.

	2016 RMB	2015 RMB
Currency funds	**570,538.28**	**706,806.73**

The Company closely monitors the effects of changes in the foreign exchange rates on the Company's currency risk exposures. Currently, the Company has not taken any measurements to mitigate the currency risk.

1.1.2. Interest rate risk - risk of changes in cash flow

The Company's cash flow interest risk relates primarily to variable-rate borrowings through the variable-rate bank borrowings. As at 31 December 2016, no variable-rate bank borrowing is taken by the Company (2015: RMB175,000,000.00).

1.2. Credit risk

As at 31 December 2016, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure to discharge an obligation by the counterparties.

In order to minimize the credit risk, the Company has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Company consider that the Company's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Company has adopted a policy of only dealing with creditworthy counterparties, and has no significant concentration of credit risk.

1.3. Liquidity risk

In the management of the liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Company's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following is the maturity analysis for financial liabilities held by the Company which is based on undiscounted remaining contractual obligations:

	Within 1 year RMB	Undiscounted cash flows RMB	Net book value RMB
Financial liabilities:			
Short-term borrowings	314,596,758.28	314,596,758.28	310,000,000.00
Notes payable	74,187,594.20	74,187,594.20	74,187,594.20
Accounts payable	125,146,470.00	125,146,470.00	125,146,470.00
Interest payable	1,742,494.94	1,742,494.94	1,742,494.94
Other payables	46,990,375.44	46,990,375.44	46,990,375.44
	562,663,692.86	**562,663,692.86**	**558,066,934.58**

2. Fair value

Fair values of the financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions.

The management considers that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the financial statements approximate their fair values.

3. Sensitivity analysis

The Company adopts sensitivity analysis techniques to analyze how the entity's profit and loss for the period and owners' equity would have been affected by changes in the relevant risk variables that were reasonably possible. As it is unlikely that risk variables will change in an isolated manner, and the interdependence between risk variables will have significant effect on the amount ultimately influenced by the changes in a single risk variable, the following items are based on the assumption that each risk variable has changes on a stand-alone basis.

3.1 Currency risk

Where all other variables are held constant, the reasonably possible changes in the foreign exchange rate may have the following pre-tax effect on the profit or loss for the period or equity:

		2016	2015
Item	Changes in exchange rate	**Effect on profits RMB**	Effect on profits RMB
USD	5% increase against RMB	**2,852.69**	35,340.34
USD	5% decrease against RMB	**(2,852.69)**	(35,340.34)

3.2 Sensitivity analysis on interest rate risk

The sensitivity analyses below have been determined based on the exposure to interest rates for financial instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's profit for the year ended 31 December 2016 would decrease/increase by RMB0 (2015: RMB482,397.00). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowing.

X. COMMITMENTS

Capital commitment

	2016 RMB'000	2015 RMB'000
Contracted but not provided in financial statements		
Commitment for acquisition of non-current assets	**360**	2,016

SUPPLEMENTARY INFORMATION

The attached financial statements in INR are prepared by management for the convenience of users, and do not form part of the audited financial statements.

The attached financial statements are translated in accordance with the following policy: Foreign Currency amounts are translated for convenience into Indian Rupees at the exchange rate of RMB: 1 = Rs 9.78 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India on 31st December 2016.

BALANCE SHEET AT 31 DECEMBER 2016

	NOTE III	2016 INR	2015 INR
Current Assets:			
Currency funds	1	**1,082,452,734.10**	1,014,003,685.35
Notes receivable	2	**73,301,039.36**	30,904,800.00
Accounts receivable	3	**1,110,854,909.95**	2,035,010,222.54
Advances to suppliers		**41,962,134.70**	54,147,421.54
Other receivables	4	**54,143,822.11**	69,754,891.07
Inventories	5	**820,554,874.10**	1,053,313,681.99
Other current assets	6	**738,595,755.06**	685,803,150.07
Total current assets		**3,921,865,269.38**	4,942,937,852.56
Non-current Assets:			
Fixed assets	7	**2,066,020,725.16**	2,312,183,749.13
Construction in progress	8	**60,195,498.73**	26,951,681.75
Intangible assets	9	**628,992,721.18**	824,121,619.85
Total non-current Assets		**2,755,208,945.07**	3,163,257,050.73
TOTAL ASSETS		**6,677,074,214.45**	8,106,194,903.29

BALANCE SHEET AT 31 DECEMBER 2016 (CONT.)

	NOTE III	2016 INR	2015 INR
LIABILITIES AND OWNERS' EQUITY			
Current Liabilities			
Short-term borrowings	12	**3,031,800,000.00**	2,699,280,000.00
Notes payable	13	**725,554,671.28**	1,081,668,000.00
Accounts payable		**1,223,932,476.60**	971,412,183.20
Advances from customers		**94,457,902.12**	42,948,371.32
Employee benefits payable	14	**84,770,637.84**	96,813,889.25
Taxes payable	15	**7,889,427.71**	8,608,075.80
Interest payable		**17,041,600.51**	8,570,616.06
Other payables	16	**459,565,871.80**	755,754,248.96
Other current liabilities	17	**54,514,514.14**	66,479,366.14
Total current liabilities		**5,699,527,102.00**	5,731,534,750.73
Non-current Liabilities			
Accrued liabilities	18	**117,360,000.00**	–
Total non-current liabilities		**117,360,000.00**	–
TOTAL LIABILITIES		**5,816,887,102.00**	5,731,534,750.73
OWNERS' EQUITY:			
Paid-in capital	19	**5,026,920,000.00**	5,026,920,000.00
Accumulated losses	20	**(4,166,732,887.55)**	(2,652,259,847.44)
TOTAL OWNERS' EQUITY		**860,187,112.45**	2,374,660,152.56
TOTAL LIABILITIES AND OWNERS' EQUITY		**6,677,074,214.45**	8,106,194,903.29

The accompanying notes are part of the financial statements.

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

		NOTE III	2016 INR	2015 INR
Operating income		21	**3,324,147,603.64**	4,198,729,577.99
Less:	Operating costs	22	**3,606,445,041.92**	4,146,287,840.09
	Sales tax		**21,149,138.70**	36,062.87
	Selling and distribution expenses		**(14,340,231.90)**	569,929,808.56
	Administrative expenses		**466,845,685.33**	472,593,802.27
	Financial expenses	23	**129,377,106.25**	158,469,391.46
	Impairment loss in respect of assets	24	**514,708,335.19**	246,974,918.10
Operating loss			**(1,400,037,471.85)**	(1,395,562,245.36)
Add:	Non-operating income	25	**7,452,785.43**	5,097,434.39
Less:	Non-operating expenses	26	**121,888,353.69**	4,420,045.28
Total loss			**(1,514,473,040.11)**	(1,394,884,856.25)
Less:	Income tax expenses	27	**–**	–
Net loss			**(1,514,473,040.11)**	(1,394,884,856.25)
Other comprehensive income			**–**	–
Total comprehensive expense			**(1,514,473,040.11)**	(1,394,884,856.25)

The accompanying notes are part of the financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

	NOTE III	2016 INR	2015 INR
Cash Flows from Operating Activities			
Cash receipts from the sale of goods and the rendering of services		**4,379,000,911.71**	5,756,709,885.02
Receipts of tax refunds		**44,480,254.67**	42,721,541.72
Other cash receipts relating to operating activities		**45,495,292.41**	45,261,430.41
Sub-total of cash inflows		**4,468,976,458.79**	5,844,692,857.15
Cash payments for goods purchased and services received		**3,521,375,330.21**	4,235,858,000.31
Cash payments to and on behalf of employees		**611,758,058.38**	671,430,506.67
Payments of all types of taxes		**31,816,100.01**	36,930,194.72
Other cash payments relating to operating activities		**356,729,516.25**	719,106,098.10
Sub-total of cash outflows		**4,521,679,004.85**	5,663,324,799.80
Net Cash Flows from Operating Activities		**(52,702,546.06)**	181,368,057.35
Cash Flows from Investing Activities			
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		**361,295.40**	-
Sub-total of cash inflows		**361,295.40**	-
Cash payments to acquire and construct fixed assets, intangible assets and other long-term assets		**74,933,680.58**	39,125,979.00
Sub-total of cash outflows		**74,933,680.58**	39,125,979.00
Net Cash Flows from Investing Activities		**(74,572,385.18)**	(39,125,979.00)
Cash Flows from Financing Activities			
Cash receipts from borrowings		**3,119,820,000.00**	1,867,980,000.00
Sub-total of cash inflows		**3,119,820,000.00**	1,867,980,000.00
Cash repayments of amounts borrowed		**2,812,728,000.00**	1,786,023,600.00
Cash payments for distribution of dividends or profit or interest expenses		**146,063,491.29**	197,897,362.00
Sub-total of cash outflows		**2,958,791,491.29**	1,983,920,962.00
Net Cash Flows from Financing Activities		**161,028,508.71**	(115,940,962.00)
Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		**–**	–
Net Increase in Cash and Cash Equivalents		**33,753,577.47**	26,301,116.35
Add: Opening balance of Cash and Cash Equivalents		**323,144,485.35**	296,843,369.00
Closing Balance of Cash and Cash Equivalents	28	**356,898,062.82**	323,144,485.35

The accompanying notes are part of financial statements.

STATEMENT OF CHANGES IN OWNERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Paid-in capital INR	Accumulated losses INR	Total owners' equity INR
I. Balance at 1 January 2016	**5,026,920,000.00**	**(2,652,259,847.44)**	**2,374,660,152.56**
II. Changes for the year			
(I) Net loss	**–**	**(1,514,473,040.11)**	**(1,514,473,040.11)**
III. Balance at 31 December 2016	**5,026,920,000.00**	**(4,166,732,887.55)**	**860,187,112.45**
I. Balance at 1 January 2015	**5,026,920,000.00**	**(1,257,374,991.19)**	**3,769,545,008.81**
II. Changes for the year			
(I) Net loss	**–**	**(1,394,884,856.25)**	**(1,394,884,856.25)**
III. Balance at 31 December 2015	**5,026,920,000.00**	**(2,652,259,847.44)**	**2,374,660,152.56**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

I. GENERAL

Mahindra Yueda (Yancheng) Tractor Co., Ltd. (the "Company") was a limited company incorporated in Yancheng, Jiangsu on 28 November 2008. The Company principally engages in the production, sales and after-sales service of tractors, mechanised farm implements, other farm machineries and farm machinery parts.

The Company's parent company is Mahindra Overseas Investment Company (Mauritius) Ltd. ("Mahindra Mauritius"), and the ultimate holding company is Mahindra & Mahindra Limited.

On 30 August 2015, the shareholder Yueda Tractor signed an equity transfer agreement with Jiangsu Yueda Investment Co., Ltd (Yueda Investment), Yueda Tractor agreed to transfer 49% shares to Yueda Investment. All rights and obligations relating to the original joint venture arrangement are transferred to Yueda Investment. The alteration of the articles of association, appointment of board members, and jointed operation agreement has been completed before 31 December 2015.

Details of capital contributions paid by the investing parties are set out in Note III.18.

II. BASIS OF STATEMENT PREPARATION

At 31 December 2016, the Company's accumulated losses were INR4,166,732,887.55. The total current liabilities exceeded total current assets INR 1,777,661,832.62. The Company's investors, Mahindra Mauritius and Yueda Investment have undertaken to provide the necessary financial support to enable the Company to continue operations, including an undertaking to provide financial support to the Company when its debts fall due, and not to demand repayment of debts owed by the Company in the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

III. NOTES TO THE FINANCIAL STATEMENTS

1. Currency funds

	2016 INR	2015 INR
Cash	**69,822.16**	67,685.91
Bank balance	**356,828,240.66**	323,076,799.44
Other currency funds	**725,554,671.28**	690,859,200.00
	1,082,452,734.10	1,014,003,685.35

Among which the restricted currency funds are as follows

	2016 INR	2015 INR
Other currency funds		
– Pledged for bank acceptance bills	**725,554,671.28**	690,859,200.00

2. Notes receivables

	2016 INR	2015 INR
Bank acceptance bills	**73,301,039.36**	30,904,800.00

3. Accounts receivable

The aging analysis of accounts receivable is as follows:

	2016				2015			
	Gross amount INR	**Ratio %**	**Bad debt provision INR**	**Net book value INR**	Gross amount INR	Ratio %	Bad debt provision INR	Net book value INR
Within 1 year	**1,115,882,373.91**	**71**	**91,066,584.22**	**1,024,815,789.69**	1,704,966,992.67	76	40,548,432.48	1,664,418,560.19
1-2 years	**243,448,626.72**	**16**	**177,632,168.55**	**65,816,458.17**	353,598,054.34	16	40,451,879.81	313,146,174.53
2-3 years	**101,113,310.55**	**6**	**80,890,648.46**	**20,222,662.09**	86,542,251.39	4	38,766,207.52	47,776,043.87
Over 3 years	**114,079,985.07**	**7**	**114,079,985.07**	**–**	91,512,292.38	4	81,842,848.43	9,669,443.95
Total	**1,574,524,296.25**	**100**	**463,669,386.30**	**1,110,854,909.95**	**2,236,619,590.78**	**100**	**201,609,368.24**	**2,035,010,222.54**

Changes in the bad debt provision for uncollectible accounts receivable are as follows:

	2016 INR	2015 INR
Balance at beginning of year	**201,609,368.24**	96,508,201.66
Additions	**264,187,970.52**	113,162,682.29
Written off	**(2,127,952.46)**	(8,061,515.71)
Balance at end of year	**463,669,386.30**	201,609,368.24

4. **Other receivables**

The aging analysis of other receivables is as follows:

	2015				2014			
	Gross amount INR	Ratio %	Bad debt provision INR	Net book value INR	Gross amount INR	Ratio %	Bad debt provision INR	Net book value INR
Within 1 year	35,605,059.20	36	–	35,605,059.20	58,746,311.63	51	–	58,746,311.63
1-2 years	10,353,613.52	10	–	10,353,613.52	11,008,579.44	11	–	11,008,579.44
2-3 years	8,185,149.39	8	–	8,185,149.39	46,259,400.00	38	46,259,400.00	–
Over 3 years	46,259,400.00	46	46,259,400.00	–	173,428.73	–	–	–
Total	100,403,222.11	100	46,259,400.00	54,143,822.11	116,014,291.07	100	46,259,400.00	69,754,891.07

Changes in the bad debt provision for uncollectible other receivables are as follows:

	2016 INR
Balance at beginning of year	**46,259,400.00**

5. **Inventories**

	2016 INR	2015 INR
Cost		
Raw materials	**563,290,202.36**	635,738,488.40
Work-in-progress	**198,923,332.70**	109,996,867.15
Finished goods	**274,913,100.23**	473,146,657.85
	1,037,126,635.29	1,218,882,013.40
Less: provision for the decline in value of inventories	**216,571,761.19**	165,568,331.41
Total of inventories	**820,554,874.10**	1,053,313,681.99

Changes in write-down of inventories are as follows:

	1/1/2016 INR	**Additions INR**	**31/12/2016 INR**
Provision for decline in value of inventories:			
Raw materials	**133,594,372.03**	**(22,766,499.06)**	**100,827,872.97**
Work-in-progress	**–**	**18,848,138.54**	**18,848,138.54**
Finished Goods	**31,973,959.38**	**54,921,790.30**	**86,895,749.68**
	165,568,331.41	**51,003,429.78**	**216,571,761.19**

6. **Other current assets**

	2016 INR	2015 INR
Debit side of VAT (within one year)	**738,595,755.06**	685,803,150.07

7. **Fixed assets**

	Buildings INR	**Plant and machinery INR**	**Electronic equipment, furniture & fixtures INR**	**Transportation equipment INR**	**Total INR**
Cost					
1 January 2016	**1,877,985,372.28**	**1,567,784,404.16**	**175,723,346.78**	**41,515,530.23**	**3,663,008,653.45**
Additions	**–**	**4,657,527.93**	**193,953.24**	**1,436,308.01**	**6,287,789.18**
Transfer from construction in progress	**4,829,380.92**	**3,656,334.08**	**11,328,361.18**	**–**	**19,814,076.18**
Eliminated on disposals	**–**	**(468,462.00)**	**(332,286.06)**	**(1,046,091.59)**	**(1,846,839.65)**
31 December 2016	**1,882,814,753.20**	**1,575,629,804.17**	**186,913,375.14**	**41,905,746.65**	**3,687,263,679.16**
Accumulated Depreciation	**331,176,071.52**	**900,975,720.02**	**84,112,422.52**	**34,560,690.26**	**1,350,824,904.32**
Charges for the year	**64,310,762.53**	**135,467,403.30**	**17,715,400.36**	**2,858,076.00**	**220,351,642.19**
Eliminated on disposals	**–**	**459,092.76**	**325,640.36**	**882,386.32**	**1,667,119.44**
31 December 2016	**395,486,834.05**	**1,035,984,030.56**	**101,502,182.52**	**36,536,379.94**	**1,569,509,427.07**
Impairment					
1 January 2016	**–**	**–**	**–**	**–**	**–**
Additions	**1,212.92**	**25,284,190.28**	**26,252,259.57**	**195,864.16**	**51,733,526.93**
31 December 2016	**1,212.92**	**25,284,190.28**	**26,252,259.57**	**195,864.16**	**51,733,526.93**

	Buildings INR	Plant and machinery INR	Electronic equipment, furniture & fixtures INR	Transportation equipment INR	Total INR
Net book value					
1 January 2016	**1,546,809,300.76**	**666,808,684.14**	**91,610,924.26**	**6,954,839.97**	**2,312,183,749.13**
31 December 2016	**1,487,326,706.23**	**514,361,583.33**	**59,158,933.05**	**5,173,502.55**	**2,066,020,725.16**
Net book value of pledged fixed assets (Note)					
1 January 2016	**1,261,373,571.97**	**–**	**–**	**–**	**1,261,373,571.97**
31 December 2016	**1,220,405,016.13**	**–**	**–**	**–**	**1,220,405,016.13**

Note: The assets were pledged as collateral for short-term borrowings, details refer to Note III.12.

8. Construction in progress

Items	1/1/2016 INR	Additions INR	Completed and transferred to fixed assets INR	31/12/2016 INR
Others	**26,951,681.75**	**53,057,893.16**	**(19,814,076.18)**	**60,195,498.73**

9. Intangible assets

	Know-how INR	Land use right INR	Trademark INR	Software INR	Total INR
Cost					
1 January 2016	**192,760,965.36**	**711,368,628.71**	**99,603,343.98**	**29,906,112.46**	**1,033,639,050.51**
Additions	**–**	**–**	**–**	**1,753,018.94**	**1,753,018.94**
31 December 2016	**192,760,965.36**	**711,368,628.71**	**99,603,343.98**	**31,659,131.40**	**1,035,392,069.45**
Accumulated Depreciation					
1 January 2016	**25,701,462.00**	**97,288,884.68**	**69,317,569.18**	**17,209,514.80**	**209,517,430.66**
Charges for the year	**19,276,095.40**	**14,766,175.35**	**9,874,459.25**	**5,181,779.65**	**49,098,509.65**
31 December 2016	**44,977,557.40**	**112,055,060.03**	**79,192,028.43**	**22,391,294.45**	**258,615,940.31**
Impairment					
1 January 2016	**–**	**–**	**–**	**–**	**–**
Additions	**147,783,407.96**	**–**	**–**	**–**	**147,783,407.96**
31 December 2016	**147,783,407.96**	**–**	**–**	**–**	**147,783,407.96**
Net book value					
1 January 2016	**167,059,503.36**	**614,079,744.03**	**30,285,774.80**	**12,696,597.66**	**824,121,619.85**
31 December 2016	**–**	**599,313,568.68**	**20,411,315.55**	**9,267,836.95**	**628,992,721.18**
Remaining years for amortisation	**0**	**40-45**	**2**	**1-5**	

As at 31 December 2016, land use right with a carrying value of INR599,313,568.68 (2015: INR614,079,744.03) was pledged.

10. Provision for impairment loss of assets

	1/1/2016 INR	Provided for the year INR	Written off INR	31/12/2016 INR
Bad debt provision	**247,868,768.24**	**264,187,970.52**	**(2,127,952.46)**	**509,928,786.30**
Provision for decline in value of inventories	**165,568,331.41**	**51,003,429.78**	**–**	**216,571,761.19**
Provision for fixed assets	**–**	**51,733,526.93**	**–**	**51,733,526.93**
Provision for intangible assets	**–**	**147,783,407.96**	**–**	**147,783,407.96**
Total	**413,437,099.65**	**514,708,335.19**	**(2,127,952.46)**	**926,017,482.38**

11. Assets with restrictions on ownership

	2016 INR	2015 INR
Category of assets with restrictions on ownership		
I. Assets pledged as collateral		
Buildings	**1,220,405,016.13**	1,261,373,571.97
Land use rights	**599,313,568.68**	614,079,744.03
	1,819,718,584.81	1875,453,316.00
II. Pledged bank deposit (Note III. 1)	**725,554,671.28**	690,859,200.00
	2,545,273,256.09	2,566,312,516.00

12. Short-term Borrowings

Category	2016 INR	2015 INR
Guarantee loans (note 1)	**1,721,280,000.00**	1,711,500,000.00
Collateral loans (note 2)	**1,300,740,000.00**	978,000,000.00
Pledge loans (note 3)	**9,780,000.00**	9,780,000.00
Total	**3,031,800,000.00**	2,699,280,000.00

Notes:

1. As at 31 December 2016, INR1,721,280,000.00(2015:INR1,467,000,000.00) in the guarantee loans was supported by a Letter of Comfort issued by Mahindra & Mahindra Limited, the ultimate holding company of the Company. As at 31 December 2015, INR244,500,000.00 was credit supported by the third party ‘ Yanchen Rong Nan Machinery Manufacturing Co., Ltd.’
2. For category and amount of collateral assets, refer to Notes III.7 and 9.

13. Notes payable

	2016 INR	2015 INR
Bank acceptance	**725,554,671.28**	1,081,668,000.00

14. Employee benefits payable

Items	1/1/2016 INR	Accruals INR	Payments INR	31/12/2016 INR
Wages or salaries, bonuses, allowances, subsidies	**93,947,646.17**	**408,449,326.64**	**420,165,842.53**	**82,231,130.28**
Staff welfare	**–**	**32,229,519.09**	**32,229,519.09**	
Including: Medical insurance	**–**	**29,136,815.51**	**29,136,815.51**	**–**
Injury insurance	**–**	**2,955,958.06**	**2,955,958.06**	**–**
Maternity insurance	**–**	**136,745.52**	**136,745.52**	**–**
Housing funds	**–**	**28,630,754.40**	**28,630,754.40**	**–**
Union running costs and employee education costs	**486,066.00**	**53,734,207.94**	**53,942,130.74**	**278,143.20**
Planned contribution	**–**	**67,761,898.12**	**67,761,898.12**	**–**
Including: Basic pensions	**–**	**67,980,147.04**	**67,980,147.04**	**–**
Unemployment insurance	**–**	**(218,248.92)**	**(218,248.92)**	**–**
Union running costs and employee education costs	**2,380,177.08**	**8,909,100.78**	**9,027,913.50**	**2,261,364.36**
Total	**96,813,889.25**	**599,714,806.97**	**611,758,058.38**	**84,770,637.84**

15. Tax payable

	2016 INR	2015 INR
Other taxes	**7,889,427.71**	8,608,075.80

16. Other payables

	2016 INR	2015 INR
Sales discounts and allowances	**377,693,125.91**	638,114,219.40
Borrowings	**32,427,512.75**	56,014,584.91
Purchase of fixed assets	**26,678,946.11**	40,513,925.40
Others	**22,766,287.03**	21,111,519.25
Total	**459,565,871.80**	755,754,248.96

17. Other current liabilities

	2016 INR	2015 INR
Product quality warranty and other accrued expenses	**54,514,514.14**	66,479,366.14

18. Accured liabilities

	2016 INR	2015 INR
Pending litigation	**117,360,000.00**	–

Note: The amount above was due to the accrual of possible compensation arising from a procurement contract litigation against Taizhou Yusheng Mechanics Co., Ltd. ("Yusheng"). The Company entered into a purchase contract with Yusheng on August 22, 2011. Due to the fact that purchase volume from the Company between 2014-2015 was under minimum volume agreed in the contract, Yusheng initiated an legal proceeding against the Company. The proceeding is still in progress, and the Company accrued estimated liabilities in the amount of INR117,360,000 based on current progress of the case and mediation negotiation outcome between the two parties.

19. Paid-in capital

The registered capital of the Company is INR5,026,920,000.00; which has been fully paid-up by 31 December 2016. The investors' capital contributions which have been made in accordance with the Company's memorandum and articles are as follows:

	2016&2015	
	INR	Ratio %
Mahindra Mauritius	2,563,729,200.00	51
Yueda Investment	2,463,190,800.00	49
	5,026,920,000.00	**100**

The above capital contributions have been verified by capital verification report Suzhengzhong Yanzi (2009) No. 4, (2009) No. 6, (2009) No. 66, (2012) No. 24 and (2014) No. 2 issued by Jiangsu Zheng Zhong Certified Public Accountants Co., Ltd.

20. Accumulated losses

	2016 INR	2015 INR
Accumulated losses at beginning of year	**(2,652,259,847.44)**	(1,257,374,991.19)
Add: Net loss of the year	**(1,514,473,040.11)**	(1,394,884,856.25)
Accumulated losses at end of year	**(4,166,732,887.55)**	(2,652,259,847.44)

21. Operating income

	2016 INR	2015 INR
Principal operating activities	**3,138,659,567.35**	3,928,525,584.83
Export sales	**399,336,908.95**	296,594,075.14
Domestic sales	**2,739,322,658.40**	3,631,931,509.69
Other operating activities	**185,488,036.29**	270,203,993.16
Others	**185,488,036.29**	270,203,993.16
Total	**3,324,147,603.64**	4,198,729,577.99

22. Operating costs

	2016 INR	2015 INR
Principal operating activities	**3,445,290,951.26**	3,859,678,245.88
Cost of export sales	**437,160,080.56**	313,493,869.27
Cost of domestic sales	**3,008,130,870.70**	3,546,184,376.61
Other operating activities	**161,154,090.66**	286,609,594.21
Others	**161,154,090.66**	286,609,594.21
Total	**3,606,445,041.92**	4,146,287,840.09

23. Financial expenses

	2016 INR	2015 INR
Interest expense	**154,534,475.75**	197,273,602.79
Less: Interest income	**22,764,251.33**	40,163,996.03
Subtotal	**131,770,224.42**	157,109,606.76
Exchange differences	**(3,165,928.10)**	(1,868,777.36)
Others	**772,809.93**	3,228,562.06
Total	**129,377,106.25**	158,469,391.46

24. Asset impairment

	2016 INR	2015 INR
Bad debt losses	**264,187,970.52**	113,162,682.29
Write-down of inventories	**51,003,429.78**	133,812,235.81
Fixed assets impairment	**51,733,526.93**	–
Intangible assets impairment	**147,783,407.96**	–
Total	**514,708,335.19**	246,974,918.10

25. Non-operating income

	2016 INR	2015 INR
Government grants (Note)	**6,843,359.40**	806,0214.78
Gains on disposal of fixed assets	**332,813.30**	–
Compensation and donation income	**120,034.83**	82,743.69
Payables that cannot be settled	**156,577.90**	–
Others	**–**	(3,045,524.08)
Total	**7,452,785.43**	5,097,434.39

Note: Government grant mainly relates to policy introduced funds paid out by government and administrative appropriations. They are one-off rewards and not associated with projects.

26. Non-operating expenses

Non-operating expenses mainly consist of accrued estimated liabilities in the amount of INR117,360,000 (Note VII. 18), asset disposal loss, and donation contributions.

27. Income tax

	2016 INR	2015 INR
Current tax expense	**–**	–

Reconciliation of income tax expenses to the accounting loss is as follows:

	2016 INR	2015 INR
Accounting loss	**(1,514,473,040.11)**	(1,394,884,856.25)
Income tax expenses calculated at 15% (2014: 15%)	**(227,170,956.00)**	(209,232,728.41)
Tax effect of expenses that are not deductible for tax purposes	**7,590,735.07**	2,641,255.16
Effect of unrecognized deductible losses and temporary deductible differences	**219,580,220.93**	206,591,473.25
Income tax expense	**–**	–

Deferred tax assets are not recognised for the following deductible temporary differences and deductible losses due to the unpredictably of future profit streams:

	2016 INR	2015 INR
Bad debt provision	**509,928,786.31**	**247,868,768.24**
Inventory provision	**216,571,761.19**	**165,568,331.41**
Fixed assets impairment	**147,783,407.37**	**-**
Intangible assets impairment	**51,733,526.93**	**-**
Other temporary difference	**510,881,680.17**	**399,772,385.94**
Deductible losses	**2,480,449,804.14**	**1,695,231,251.37**
Total	**3,917,348,966.11**	**2,508,440,736.96**

The deductible losses which are not recognised as deferred tax assets will expire in the following years:

	2016 INR	2015 INR
2017	**542,601,572.75**	542,601,572.75
2018	**50,525,788.37**	50,525,788.37
2019	**179,812,003.21**	179,812,003.21
2020 (Note)	**867,331,977.23**	922,291,887.04
2021	**840,178,462.58**	–
Total	**2,480,449,804.14**	1,695,231,251.37

Note: The deductible losses which will expire 2020 has been adjusted according to authentication report on 2015 income tax final assessment.

28. Cash and cash equivalents

	2016 INR	2015 INR
Cash on hand	**69,822.16**	67,685.91
Bank demand deposits	**356,828,240.66**	323,076,799.44
Cash and cash equivalent balances	**356,898,062.82**	323,144,485.35
Restricted cash and cash equivalents (Note III. 1)	**725,554,671.28**	690,859,200.00

29. Supplementary information to the cash flow statement

	2016 INR	2015 INR
Reconciliation of net loss to cash flow from operating activities		
Net loss	**(1,514,473,040.11)**	(1,394,884,856.25)
Add: Provision for asset impairment	**514,708,335.19**	246,974,918.10
Depreciation of fixed assets	**220,351,642.19**	231,671,943.49
Amortisation of intangible assets	**49,098,509.65**	49,376,540.96
Gains on disposal of fixed assets, intangible assets and other long-term assets	**(181,575.18)**	–
Financial expenses	**154,534,475.75**	197,273,602.79
Decrease in inventories (less increase)	**181,755,378.11**	115,898,329.22
Increase in operating receivables	**642,466,193.45**	1,032,473,739.37

	2016 INR	2015 INR
Increase in operating payables (less decrease)	**(266,266,993.82)**	64,541,639.67
Decrease in restricted cash and cash equivalents (less increase)	**(34,695,471.28)**	(361,957,800.00)
Net cash flow from operating activities	**(52,702,546.05)**	181,368,057.35
Net changes in cash and cash equivalents		
Closing balance of cash	**356,898,062.82**	323,144,485.35
Less: Opening balance of cash	**323,144,485.35**	296,843,369.00
Net increase in cash and cash equivalents	**33,753,577.47**	26,301,116.35

IV. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(1) Nature of relationship with related parties where a control relationship exists:

Name	Registered place	Relationship with the Company	Proportion of voting power and shareholdings
Mahindra Mauritius	Mauritius	Parent company	51%
Mahindra & Mahindra Limited	India	Ultimate holding company	51%

(2) Nature of relationship with related parties where a control relationship does not exist:

Name	Relationship with the Company
Yueda Tractor	The Chinese investor (Transferred in 2015)
Yueda Investment	The Chinese investor

(3) Significant transactions between the Company and the above related parties in current year:

(a) Purchases

Purchases between the Company and its related parties are as follows:

	2016 INR	2015 INR
Purchases		
– Mahindra & Mahindra Limited	**–**	34,061,260.48
– Yueda Tractor	**–**	1,775,351.76
	–	35,836,612.24

(b) Loans

Details of the loans between the Company and its related party are as follows:

	Amount incurred during 2016 INR	Balance as of 31/12/2016 INR	Amount incurred during 2015 INR	Balance as of 31/12/2015 INR	Annual interest rate %
– Yueda Tractor	**–**	**–**	**(39,120,000.00)**	**–**	**7.2**

(c) Others

Details of other transactions between the Company and its related party are as follows:

	2016 INR	2015 INR
Interest Expense		
– Yueda Tractor	**–**	5,452,409.56

(d) Balance due to/from related parties

Accounts	Name of related parties	2016 INR	2015 INR
Other receivables	Mahindra & Mahindra Limited	**825,805.50**	14,553,010.86
	Yueda Tractor	**387,679.20**	–
		1,213,484.70	14,553,010.86

V. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's major financial instruments include currency funds, notes receivable, accounts receivable, other receivables, notes payable, short-term loans, account payables and other payables. Details of these financial instruments are disclosed in Note III. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

1. Risk management objectives and policies

The Company's risk management objectives are to achieve proper balance between risks and yield, minimise the adverse impacts of risks on the Company's operation performance, and maximise the benefits of the shareholders and other equity investors. Based on these risk management objectives, the Company's basic risk management strategy is to identify and analyse the industry's exposure to various risks, establish appropriate bottom line for risk tolerance, implement risk management, and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

1.1. Market risk

1.1.1. Currency risk

Currency risk is the risk that losses will occur because of changes in foreign exchange rates. The Company's exposure to the currency risk is primarily associated with USD. Except for overseas sales denominated in USD, the Company's other principal activities are denominated and settled in RMB. As at 31 December 2016, except for the following assets denominated in USD, the other assets and liabilities balances are all denominated in RMB. Those assets denominated in USD are exposed to currency risk and may influence the operating results of the Company.

	2016 INR	2015 INR
Currency funds	**5,579,864.38**	6,912,569.82

The Company closely monitors the effects of changes in the foreign exchange rates on the Company's currency risk exposures. Currently, the Company has not taken any measurements to mitigate the currency risk.

1.1.2. Interest rate risk - risk of changes in cash flow

The Company's cash flow interest risk relates primarily to variable-rate borrowings through the variable-rate bank borrowings. As at 31 December 2016, no variable-rate bank borrowing is taken by the Company (2015: INR1,711,500,000.00).

1.2. Credit risk

As at 31 December 2016, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure to discharge an obligation by the counterparties.

In order to minimize the credit risk, the Company has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Company consider that the Company's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Company has adopted a policy of only dealing with creditworthy counterparties, and has no significant concentration of credit risk.

1.3. Liquidity risk

In the management of the liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Company's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following is the maturity analysis for financial assets and financial liabilities held by the Company which is based on undiscounted remaining contractual obligations:

	Within 1 year INR	Undiscounted cash flows INR	Net book value INR
Financial liabilities:			
Short-term borrowings	3,076,756,295.98	3,076,756,295.98	3,031,800,000.00
Notes payable	725,554,671.28	725,554,671.28	725,554,671.28
Accounts payable	1,223,932,476.60	1,223,932,476.60	1,223,932,476.60
Interest payable	17,041,600.51	17,041,600.51	17,041,600.51
Other payables	459,565,871.80	459,565,871.80	459,565,871.80
	5,502,850,916.17	**5,502,850,916.17**	**5,457,894,620.19**

2. Fair value

Fair values of the financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions.

The management considers that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the financial statements approximate their fair values.

3. Sensitivity analysis

The Company adopts sensitivity analysis techniques to analyze how the entity's profit and loss for the period and owners' equity would have been affected by changes in the relevant risk variables that were reasonably possible. As it is unlikely that risk variables will change in an isolated manner, and the interdependence between risk variables will have significant effect on the amount ultimately influenced by the changes in a single risk variable, the following items are based on the assumption that each risk variable has changes on a stand-alone basis.

3.1. Currency risk

Where all other variables are held constant, the reasonably possible changes in the foreign exchange rate may have the following pre-tax effect on the profit or loss for the period or equity:

		2016	2015
Item	Changes in exchange rate	**Effect on profits INR**	Effect on profits INR
USD	5% increase against RMB	**27,899.31**	345,628.53
USD	5% decrease against RMB	**(27,899.31)**	(345,628.53)

3.2 Sensitivity analysis on interest rate risk

The sensitivity analyses below have been determined based on the exposure to interest rates for financial instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's profit for the year ended 31 December 2016 would decrease/increase by INR 0.00(2015: INR4,717,842.66). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowing.

VI. COMMITMENTS

Capital commitment

	2016 INR '000	2015 INR '000
Contracted but not provided in financial statements		
Commitment for acquisition of non-current assets	**3,520.80**	**19,716.48**

BOARD'S REPORT

To,

The Members of

Mahindra & Mahindra Financial Services Limited

Your Directors are pleased to present their Twenty-Seventh Report together with the audited financial statements of your Company for the Financial Year ended 31st March, 2017.

The performance highlights and summarised financial results of the Company are given below:

PERFORMANCE HIGHLIGHTS

- Consolidated income for the year increased by 9% to Rs. 7,200.7 Crores as compared to Rs. 6,597.5 Crores in 2015-16;
- Consolidated income from operations for the year was Rs. 7,146.2 Crores as compared to Rs. 6,553.9 Crores in 2015-16, a growth of 9%;
- Consolidated profit before tax for the year was Rs. 837.8 Crores as compared to Rs. 1,224.1 Crores in 2015-16;
- Consolidated profit after tax and minority interest for the year was Rs. 511.6 Crores as compared to Rs. 772.3 Crores in 2015-16.

FINANCIAL RESULTS

Rs. in Crores

	CONSOLIDATED		STANDALONE	
	March 2017	March 2016	**March 2017**	March 2016
Total Income	**7,200.7**	6,597.4	**6,237.5**	5,905.1
Less : Finance Costs	**3,186.2**	2,868.3	**2,857.4**	2,639.3
Expenditure	**3,123.0**	2,459.3	**2,714.0**	2,186.7
Depreciation/Amortisation	**53.7**	45.7	**46.0**	40.9
Total Expenses	**6,362.9**	5,373.3	**5,617.4**	4,866.9
Profit Before Tax	**837.8**	1,224.1	**620.1**	1,038.2
Less : Provision For Tax				
Current Tax	**463.5**	614.4	**363.5**	535.6
Deferred Tax	**(155.4)**	(177.7)	**(143.6)**	(170.0)
Profit After Tax for the Year before Minority Interest	**529.7**	787.4	**400.2**	672.6
Less : Minority Interest	**18.1**	15.1	**–**	–
Profit After Tax for the Year after Minority Interest	**511.6**	772.3	**400.2**	672.6
Add : Amount brought forward from Previous Years	**3,017.9**	2,245.6	**2,240.5**	2,040.9
Amount available for Appropriation	**3,029.0**	3,017.9	**2,635.6**	2,713.5
Appropriations				
General Reserve	**40.0**	67.2	**40.0**	67.2
Statutory Reserve	**109.2**	154.9	**80.1**	134.5
Debenture Redemption Reserve	**26.5**	–	**26.5**	–
Proposed Dividend on Equity Shares	**–***	227.5	**–***	227.5
Income-tax on Proposed Dividend	**2.8**	45.8	**–**	43.8
Surplus carried to Balance Sheet	**2,850.5**	2,522.5	**2,489.0**	2,240.5

* In terms of the revised Accounting Standard (AS) - 4 'Contingencies and Events occurring after Balance Sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, dated 30th March, 2016, the Company has not accounted for proposed dividend for the current financial year as liability as at 31st March, 2017. However, the proposed dividend was accounted for as liability as at 31st March, 2016 in accordance with the then existing Accounting Standard.

TRANSFER TO RESERVES

The Company proposes to transfer an amount of Rs. 40.0 Crores to the General Reserve, Rs. 80.1 Crores to the Statutory Reserve and Rs. 26.5 Crores to the Debenture Redemption Reserve. An amount of Rs. 2,489.0 Crores is proposed to be retained in the Statement of Profit and Loss.

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs. 2.4 per Equity Share of the face value of Rs. 2 each payable to those Members whose names appear in the Register of Members as on the Book Closure date. The dividend including dividend tax will absorb a sum of Rs. 161.0 Crores [as against Rs. 271.3 Crores on account of dividend of Rs. 4 per Equity Share paid for the previous year].

DIVIDEND DISTRIBUTION POLICY

The Board of Directors of the Company at its Meeting held on 25th October, 2016, has approved and adopted the Dividend Distribution Policy of the Company, containing the requirements prescribed in Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Policy is appended as **Annexure I** and forms part of this Annual Report.

The Dividend Distribution Policy can also be accessed on the Company's website at the web-link: **http://www.mahindrafinance.com/policies.aspx**.

During the year, an amount of Rs. 2,54,886 being the unclaimed/unpaid dividend of the Company for the Financial Year ended 31st March, 2009 was transferred in August, 2016 to the Investor Education and Protection Fund.

OPERATIONS

Rural demand continued to be sluggish in the early part of the year due to deficient monsoons in the previous two consecutive years coupled with lack of sufficient investment in infrastructure. However, the situation showed signs of impending revival with a good monsoon but faced a temporary slowdown in the third quarter due to demonetisation causing deceleration in the economic growth.

Being largely engaged in the semi-urban and rural areas of the country, many of the Company's customers earn their livelihood in cash. It is well known that over 40% of the rural population does not have a bank account and easy access to banking network as there are relatively fewer bank branches in these areas and they are few and far between. Hence most of the Company's customers prefer to repay their monthly installments in cash.

As per Gazette Notification dated 8th November, 2016 issued by the Government of India, announcing the discontinuance of Rs. 1,000 and Rs. 500 denominations of Bank Notes ("Specified Bank Notes") from 9th November, 2016 the demonetisation impact was severely felt in rural India substantially impacting business and collections of your Company. The effect of demonetisation stretched and continued almost till mid-February 2017 and the Company did see elevated levels of gross Non-Performing Assets. The effect of demonetisation was also felt severely in the sale of crops (even though the yields were good) resulting in low cash flows. Post mid-February 2017, there has been a significant improvement in the farm cash flows, which is a result of cash being released to farmers against their sale of crops to Mandis. The rural sentiments turned positive and the Company did see an improvement in its performance, both in sales as well as overall collections.

Your Company continued to offer a wide range of financial products and services to its customers during the year under review. Your Company was at the forefront of meeting the various lifecycle needs of its customers by consistently expanding its product offerings beyond vehicle financing. In order to effectively service its diversified product portfolio, the Company engages its employees with appropriate training programs.

Despite the challenging business environment, the overall disbursement registered a growth of 19% at Rs. 31,659.1 Crores as compared to Rs. 26,706.3 Crores in the previous year. Your Company was able to retain its leadership position in financing the Mahindra range of vehicles and tractors in addition to extending its lending to vehicles of other Original Equipment Manufacturers (OEMs).

Your Company yet again consolidated its position as a leading financier for Maruti vehicles in semi-urban and rural India by financing over 1,00,000 vehicles during this fiscal and also successfully emerged as the preferred financier for Hyundai, Renault and Nissan range of vehicles.

Your Company strengthened its pan-India presence with a network of 1,182 offices, which is one of the largest amongst Non-Banking Financial Companies. In addition to these offices, your Company has set up over 180 smart branches at dealerships of OEMs and works closely with dealers and customers. Your Company's nationwide network of branches and locally recruited employees have facilitated in catering to the diverse financial requirements of its customers by identifying and understanding the needs and aspirations of the people. Your Company continues to be focused in introducing technology based solutions and demonstrates effective use of its resources to enhance customer service and provide a range of financial solutions for a variety of needs. Your Company has earned the trust and confidence of its customers with its consistent, transparent and reliable services. With its strong presence covering even the most remote areas of the country, your Company is providing flexible financing opportunities to aspiring individuals to realise their dreams and helping them to 'RISE'.

Your Company has cumulatively financed over 4.7 million customers since its inception.

The Goods and Services Tax (GST), a single tax intended to replace the existing Central and State indirect taxes, is expected to be rolled-out from 1st July, 2017. The GST will have a short term volume impact as well as medium term margin impact on business and recoveries.

During the year under review, your Company continued to expand its reach in the Micro, Small and Medium Enterprises (MSME) segment. MSME Assets Under Management crossed more than Rs. 2,960 Crores during the period under review, covering 1,911 customers.

Total Income grew by 5.6% to Rs. 6,237.5 Crores for the year ended 31st March, 2017 as compared to Rs. 5,905.1 Crores for the previous year. Profit Before Tax (PBT) declined by 40.3% to Rs. 620.1 Crores as compared to Rs. 1,038.2 Crores for the previous year. Profit After Tax (PAT) declined by 40.5% to Rs. 400.2 Crores as compared to Rs. 672.6 Crores in the previous year.

During the year under review, the Assets Under Management stood at Rs. 46,776 Crores as at 31st March, 2017 as against Rs. 40,933 Crores as at 31st March, 2016, a growth of 14%.

There is no change in the nature of business of the Company during the year under review.

DISTRIBUTION OF MUTUAL FUND PRODUCTS

During the year under review, the activity of distribution of Mutual Fund Products (MFP) was carried out across 160 branches covering 23 States. As on 31st March, 2017, the amount of Assets Under Management outstanding through the Company's Advisory and Distribution Services on MFP, aggregate of institutional and retail segment, was Rs. 1,705.57 Crores and the number of clients stood at 53,785.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed analysis of the Company's performance is discussed in the Management Discussion and Analysis Report, which forms part of this Annual Report.

CORPORATE GOVERNANCE

Your Company practices a culture that is built on core values and ethical governance practices and is committed to transparency in all its dealings. A Report on Corporate Governance along with a Certificate from the Statutory Auditors of the Company regarding compliance with the conditions of Corporate Governance as stipulated in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 are annexed to this Report.

SHARE CAPITAL

The issued, subscribed and paid-up Equity Share Capital as on 31st March, 2017 was Rs. 113.75 Crores comprising of 56,87,64,960 Equity Shares of the face value of Rs. 2 each.

There was no change in Share Capital during the year under review.

The Company has neither issued shares with differential rights as to dividend, voting or otherwise, nor has issued sweat equity, other than Employee Stock Options under the Employees' Stock Option Scheme referred to in this Report, during the year under review.

As on 31st March, 2017, none of the Directors of the Company holds instruments convertible into Equity Shares of the Company.

STOCK OPTIONS

During the year under review, on the recommendation of the Nomination and Remuneration Committee of your Company, the Trustees of the Mahindra & Mahindra Financial Services Limited Employees' Stock Option Trust have granted 2,17,400 Stock Options to Eligible Employees under the Mahindra & Mahindra Financial Services Limited Employees' Stock Option Scheme–2010 ("2010 Scheme"). No new Options have been granted under the Mahindra & Mahindra Financial Services Limited Employees' Stock Option Scheme–2005 ("2005 Scheme") [hereinafter collectively referred to as "the Schemes"]. The Company does not have any scheme to fund its employees to purchase the shares of the Company. No employee has been issued stock options during the year, equal to or exceeding 1% of the issued capital of the Company at the time of grant.

The Schemes of the Company are in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SBEB Regulations") and there were no material changes made to the said Schemes. Messrs. B. K. Khare & Co., Statutory Auditors of the Company, have certified that the abovementioned Schemes have been implemented in accordance with the SBEB Regulations, and the Resolutions passed by the Members for the 2005 Scheme and the 2010 Scheme. The Certificate would be placed at the Annual General Meeting for inspection by Members.

Voting rights on the Shares issued to employees under the aforesaid Schemes are either exercised by them directly or through their appointed proxy.

The details of the Employees' Stock Options and the Company's Employees' Stock Option Trust as required under the SBEB Regulations read with SEBI Circular CIR/CFD/POLICY CELL/2/2015 dated 16th June, 2015 have been uploaded on the Company's website and can be accessed at the web-link: **http://www.mahindrafinance.com/annual-reports.aspx**.

ECONOMY

Global

Economic activity gained some momentum in the second half of 2016, especially in advanced economies. Growth picked up in the United States as firms grew more confident about future demand and inventories started contributing positively to growth (after five quarters of drag). Growth also remained solid in the United Kingdom, where spending proved resilient in the aftermath of the June 2016 referendum in favour of leaving the European Union (Brexit). Activity surprised on the upside in Japan thanks to strong net exports, as well as in euro area countries, such as Germany and Spain, as a result of strong domestic demand. Economic performance across emerging markets and developing economies has remained mixed. Whereas China's growth remained strong, reflecting continued policy support, activity has slowed in India because of the impact of the currency exchange initiative, as well as in Brazil, which has been mired in a deep recession. Activity remained weak in fuel and non-fuel commodity exporters more generally, while geopolitical factors held back growth in parts of the Middle East and Turkey.

World growth, estimated as in the October 2016 World Economic Outlook at 3.1% in 2016, is projected to increase to 3.5% in 2017 and 3.6% in 2018 - an upward revision of 0.1 percentage point for 2017 relative to October. Together with the modest change in the forecast for the overall global growth rate, projections of the strength of economic activity across country groups have also shifted. Economic activity in advanced economies as a group is now forecast to grow by 2.0% in 2017 and 2018, 0.2 percentage point higher than expected in October 2016. Growth in the group of emerging market and developing economies is forecast to rise to 4.5% and 4.8%, respectively, in 2017 and 2018, from an estimated outturn of 4.1% in 2016.

* Source IMF

Domestic

Economic activity has been losing momentum since second half of 2015-16 on a combination of structural and cyclical factors. On a year-on-year basis, this trajectory was dented further by the transient impact of demonetisation. Both private and government consumption demand have held up well against this slowdown, together accounting for 90% of real gross domestic product (GDP) growth in second half of 2016-17 on a weighted contribution basis. Investment demand, which had sunk into contraction in first-half, recovered from third quarter of 2016-17. Net exports have been growing strongly since third quarter of 2015-16. The same however turned negative with imports starting to expand at a higher pace than exports as domestic demand strengthened.

Headline inflation fell off its July cliff and was already traversing a declining trajectory during August to October when demonetisation hit in November. This took inflation down to 3.2%, the lowest in the history of India. In February, however, the drag from these transitory effects began to ebb and headline inflation edged up on a pickup in food and fuel price pressures. With the effects of demonetisation turning out to be short-lived and modest, discretionary consumer spending held back by demonetisation is expected to have picked up from Q4:2016-17 and will gather momentum over several quarters ahead. The recovery will also likely be aided by the reduction in banks' lending rates due to large inflows of current and savings accounts ("CASA") deposits, although the fuller transmission impact might be impeded by stressed balance sheets of banks and the tepid demand for bank credit.

The ebullient rebound in agricultural activity on the back of normal monsoon and record foodgrains production have boosted rural incomes and supported consumption. In contrast, the modest pick-up in industry in second half of 2016-17 and the slower growth in services suggests that investment demand is still sluggish.

Going forward, implementation of the Goods and Services Tax ("GST") and the measures taken in the Union Budget to boost the rural economy, infrastructure, micro, small and medium enterprises ("MSMEs") and low cost housing should help invigorate domestic demand. However, a sustained revival of investment holds the key to stepping up the pace of economic activity closer to its medium-term potential.

Finance

During the current year, the monetary policy framework ushered in amendments to the Reserve Bank of India Act, 1934 wherein the monetary policy decision is now vested in a six member monetary policy committee (MPC). Following its decision to lower the policy repo rate by 25 basis points (bps) at the time of the October 2016 Monetary Policy Report (MPR), the MPC decided to hold the policy rate in the December 2016 and February 2017 meetings of its bi-monthly schedule. The Reserve Bank of India (RBI) also changed in stance from accommodative to neutral in the bi-monthly monetary policy of February 2017.

Yields in the government securities (G-sec) market remained volatile in H2, induced by three major events. First, G-sec yields softened in October 2016 following the 25 bps policy repo rate cut by the RBI. Second, G-sec yields softened significantly after the announcement of demonetisation and the resultant surge of liquidity in the system.

The yield on the benchmark 10-year paper dropped from 6.80% on 8th November, 2016 to 6.19% on 24th November, 2016. Third, G-sec yields hardened in February 2017 and the yield curve steepened in response to the unexpected shift in the monetary policy stance of the RBI from accommodative to neutral.

During F.Y. 2016-17, the banks witnessed huge inflows post demonetisation, leading to reduction in their term deposit rates. With increasing deposits at lower rates, banks were able to reduce their Marginal Cost of Lending Rates (MCLR), which on an average declined by a cumulative 70 bps (range of 25 bps – 148 bps) since November 2016. Your Company has also received benefit of the reduction in interest rate. While the new loans are borrowed on MCLR, your Company also plans to shift its existing bank rate borrowings to MCLR as well.

Private Placement Issues of Non-Convertible Debentures

During the year under review, your Company issued secured redeemable non-convertible debentures ("NCDs") aggregating to Rs. 6,903.20 Crores on a private placement basis, in one or more series/tranches.

As specified in the respective offer documents, the funds raised from NCDs were utilised for the purpose of financing, repayment of dues of other financial institutions/Banks and for long term working capital.

Public Issuance of Non-Convertible Debentures

Your Company continues to broaden the liability mix by bringing in new instruments as well as diversifying the investor base and profile.

During the year under review, your Company successfully completed its maiden public issue of 1,00,00,000 Unsecured Subordinated Redeemable Non-Convertible Debentures ("NCDs") of face value of Rs. 1,000 each aggregating up to Rs. 1,000 Crores. The Issue was subscribed over 7 times of the Base Issue Size. This is an acknowledgment of the confidence reposed in your Company's Management by the investors and public at large and the strong credit profile of your Company over the years. The NCDs were allotted on 6th June, 2016 and listed on BSE Limited on 8th June, 2016.

The net proceeds received from the Public Issue were used for the purpose of onward lending, financing, refinancing the existing indebtedness of the Company, long term working capital requirements, issue expenses and for general corporate purposes. Details of the issue and the end use were furnished to the Audit Committee.

The Company has been regular in making payments of principal and interest on the NCDs. There are no NCDs which have not been claimed by investors or not paid by the Company after the date on which the NCDs became due for redemption.

Rupee Denominated Medium Term Note (MTN)

As a risk management measure diversification of its resources is one of the focus areas of the Company. To this end, your

Company has filed an Offering Circular for establishment of a Rupee Denominated Medium Term Note (MTN) programme during the year under review. The programme is duly listed on the Singapore Exchange Securities Trading Limited.

Your Company plans to issue bonds under the MTN programme during the current year.

INVESTOR RELATIONS

During the year under review, your Company continued to engage with investors in multiple ways, including individual meetings, Telepresence meetings, structured conference-calls, participating in investor conferences and undertaking quarterly earnings calls. Your Company continues to interact with Indian and global investors and analysts in a number of investor meets organised by reputed Global and Domestic Broking Houses, both in India and abroad, to communicate details of performance, important developments and exchange of information. All interactions with institutional shareholders, fund managers and analysts are based on generally available information that is accessible to the public on a non-discriminatory basis.

Your Company ensures that critical information about the Company is available to all the investors by hosting all such information on the Company's website.

CAPITAL ADEQUACY

As on 31st March, 2017, the Capital to Risk Assets Ratio (CRAR) of your Company was 17.2%. Out of the above, Tier I capital adequacy ratio stood at 12.8% and Tier II capital adequacy ratio stood at 4.4%, respectively. The minimum requirement for the capital adequacy ratio is 15.0% CRAR prescribed by the Reserve Bank of India.

RBI GUIDELINES

The Company has complied with all the applicable regulations of the Reserve Bank of India (RBI).

As a prudent practice, your Company makes accelerated provisioning for Non-Performing Assets (NPAs) than that required by RBI for NBFCs. Your Company continues to make a general provision at 0.40% on the standard assets outstanding as mandated by the RBI.

DETAILS OF GOLD LOAN AUCTIONS HELD DURING THE FINANCIAL YEAR 2016-17

Disclosure as required pursuant to Clause 26(4) (d) of Master Direction DNBR. PD. 008/03.10.119/2016-17 dated 1st September, 2016 issued by the Reserve Bank of India on the Non-Banking Financial Company-Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 is furnished below:

Year	No. of Loan Accounts	Total Outstanding Amount (Rs.)	Value Fetched (Rs.)
2016	**59**	**25,24,553**	**20,21,698**

The Company confirms that none of its sister concerns participated in the above auctions.

CREDIT RATING

The credit rating details of the Company as on 31st March, 2017 were as follows:

<table>
<tr><th>Rating Agency</th><th>Type of Instrument</th><th>Rating*</th><th>Remarks</th></tr>
<tr><td>India Ratings & Research Private Limited</td><td>Long-term instrument and Subordinated Debt Programme</td><td>'IND AAA/Stable'</td><td rowspan="4">The 'AAA' ratings denote the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.</td></tr>
<tr><td>Credit Analysis & Research Limited</td><td>Long-term Debt instrument and Subordinated Debt Programme</td><td>'CARE AAA/Stable'</td></tr>
<tr><td>Brickwork Ratings India Private Limited</td><td>Company's Long-term Subordinated Debt Issue</td><td>'BWR AAA/Stable'</td></tr>
<tr><td rowspan="3">CRISIL Limited</td><td>Fixed Deposit Programme</td><td>'FAAA/Stable'</td></tr>
<tr><td>Long-term Debt Instruments and Bank Facilities</td><td>'CRISIL AA+/Stable'</td><td>The 'AA+' rating indicates a high degree of safety with regard to timely payment of financial obligations. Such instruments carry very low credit risk.</td></tr>
<tr><td>Short-term Debt and Bank Loans</td><td>'CRISIL A1+'</td><td>The 'A1'+ rating indicates the highest level of rating. Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk.</td></tr>
</table>

* The ratings mentioned above were reaffirmed by the Rating Agencies during the Financial Year 2016-17. With the above rating affirmations, your Company continues to enjoy the highest level of rating from all major rating agencies at the same time.

ACHIEVEMENTS

Your Company won several awards and accolades during the year under review. Select few awards/recognition are enumerated hereunder:

- Conscious Capitalist for the Year Award for the stellar role in promoting sustainable and transformational business practices, at the Forbes India Leadership Awards (FILA) 2016.
- India's Most Ethical Companies Award in the category of Ethical Companies in the Financial Services Sector. The Award was supported by "Indira – Shree Chanakya Education Society" and endorsed by "World CSR Day", "World Federation CSR Professionals" and "Asia Confederation of Businesses".
- CNBC Asia's Corporate Social Responsibility Award.
- Ranked 68th in Top 100 India's Best Companies To Work For 2016, ranked 5th in the Financial Services Sector and ranked 3rd in Workplace Transformation Case Study, by the Great Place to Work Institute in collaboration with the Economic Times.
- Listed in Dow Jones Sustainability Index for the 4th year in a row, being the only Indian Company from the Diversified Financial Services Sector to get selected in this list.
- Recognised as "Best Overall Excellence in CSR" by National Awards for Excellence in CSR & Sustainability.
- Included in 'The Sustainability Yearbook 2017' released by RobecoSAM, being the only Financial Company amongst NBFCs and Banks in India to be included.
- Recognised with significant achievement in HR Excellence at the 7th CII HR Excellence Award.

FIXED DEPOSITS AND LOANS/ADVANCES

Your Company offers Fixed Deposit schemes that cater to various classes of investors. The Deposits carry attractive interest rates with superior service enabled by robust processes and technology. In order to tap rural savings your Company continues to expand its network and make its presence felt in the most remote areas of the country.

During the year, CRISIL has reaffirmed a rating of 'CRISIL FAAA/Stable' for your Company's Fixed Deposits. This rating represents the highest degree of safety regarding timely servicing of financial obligations and carries the lowest credit risk. Your Company's deposits continue to be a preferred investment amongst the investors.

As on 31st March, 2017, your Company has mobilised funds from Fixed Deposits to the tune of Rs. 4,382.96 Crores, with an investor base of over 1,55,551 investors.

Your Company has initiated several customer centric measures on an ongoing basis to further strengthen its processes in sync with the requirements of the Fixed Deposit holders. The Company communicates various intimations via SMS, e-mails, post, etc., to its investors as well as sends reminder emails to clients whose TDS is likely to be deducted before any payout/accrual. Your Company also provides online renewal facility, online generation of TDS certificates from customer/broker portal and Seamless Investment process for its employees.

During the year under review your Company has rolled out several initiatives aimed at surpassing the expectation of its Depositors. Some key ones are:

- commenced acceptance of Fixed Deposits from 198 offices of the Company.
- introduced free accident insurance coverage of Rs.1 Lakh per depositor for a year.
- auto renewal of Fixed Deposits option to facilitate timely renewal of deposits.
- introduced year-wise interest statement projection for the full Deposit tenure.

As at 31st March, 2017, 2,736 deposits amounting to Rs. 9.16 Crores had matured for payment and remained unclaimed. The unclaimed deposits have since reduced to 1,512 deposits amounting to Rs. 4.96 Crores. There has been no default in repayment of deposits or payment of interest during the year.

Your Company being a Non-Banking Financial Company, the disclosures required as per Rule 8 (5)(v) and (vi) of the Companies (Accounts) Rules, 2014 read with Sections 73 and 74 of the Companies Act, 2013, are not applicable to it.

The information pursuant to Clause 35(1) of Master Direction DNBR.PD.002/03.10.119/2016-17 dated 25th August, 2016 issued by Reserve Bank of India on Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016, regarding unpaid/unclaimed public deposits as on 31st March, 2017, is furnished below:

i. total number of accounts of public deposits of the Company which have not been claimed by the depositors or not paid by the Company after the date on which the deposit became due for repayment: 2,736.

ii. the total amounts due under such accounts remaining unclaimed or unpaid beyond the dates referred to in clause (i) as aforesaid: Rs. 9,16,27,906.

Your Company continues to send intimation letters via registered post every 3 months to all those fixed deposit holders whose deposits have matured as well as to those whose deposits remain unclaimed.

The particulars of loans/advances, etc., required to be disclosed in the Annual Accounts of the Company pursuant to Regulation 34 read with paragraph A of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, are furnished separately.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS IN SECURITIES

Pursuant to section 186(11) of the Companies Act, 2013 ("the Act"), the provisions of section 186 (4) of the Act requiring disclosure in the financial statements of the full particulars of the loans made and guarantees given or securities provided by a Non-Banking Financial Company in the ordinary course of its business and the purpose for which the loan or guarantee or security is proposed to be utilised by the recipient of the loan or guarantee or security are exempted from disclosure in the Annual Report.

Further, pursuant to the provisions of Section 186 (4) of the Act, the details of investments made by the Company are given in the Notes to the Financial Statements.

SUSTAINABILITY INITIATIVES

Sustainability is imbibed in your Company's ways of working since its inception. Focus on rural customers at the bottom of the pyramid and enabling them to Rise has been the Company's business philosophy. Your Company strongly believes in people empowerment and creating shared value. As the Company is progressing, it is ensuring that its business model becomes more inclusive and efficient.

Your Company commenced its journey towards reporting sustainability performance since 2008-09 through the Mahindra Group's Sustainability Report and in the year 2012-13 your Company came out with its 1st standalone Sustainability Report. During the year, your Company released its 4th Sustainability Report for Financial Year 2015-16 with the theme "Empowering Dreams, Enabling Progress" based on the Global Reporting Initiative's (GRI) G4 Guidelines which highlights its endeavors towards creating a better future. This Report can be accessed on the website of the Company at the web-link: **http://www.mahindrafinance.com/sustainability.aspx**. During year under review, your Company's Sustainability Report for the Financial Year 2014-15 was conferred the best report in CSR/Sustainability Report Category by IndiaCSR, which is a popular newswire that promotes innovation and leadership in Corporate Sustainability and Responsibility Practices in India.

The Sustainability performance of your Company for the Financial Year 2016-17 will be elaborated in detail in the GRI Report which is under preparation and will be ready for release shortly.

Your Company continued to focus on sustainability awareness for different stakeholders and took various initiatives to engage them on these fronts. A project on Road Safety was launched during the year imparting safe driving practices through e-learning modules and classroom training sessions to the Company's employees and field staff. Interventions on reduction in water and energy consumption and recycling of waste generation were rolled out throughout the year at different locations.

Your Company has been listed on the Dow Jones Sustainability Index (DJSI) Emerging Market Trends for the 4th consecutive year. It is the only Company from amongst the Diversified Financial Services Companies in India to have made it to this list. To be incorporated in the DJSI, companies are assessed and selected based on their long term Environmental Social Governance (ESG) management plans. The Company has also been included in The Sustainability Yearbook 2017, being the only Financial Services Sector Company to qualify amongst six companies from India. This signifies the Company being amongst the top Sustainability performers in Diversified Financial Services Sector in the World based on Corporate Sustainability Assessment done by RobecoSAM.

In addition to this, your Company continues to report on Carbon Disclosure Project (CDP) since the Financial Year 2011-12. CDP seeks information on management of carbon emissions across world's largest companies and how they are geared up to mitigate challenges pertaining to climate change and global warming in future. During the year under review, your Company achieved "CDP Performance Band – B" which affirms that the Company is taking coordinated action on climate change issues. Your Company continued to make proactive efforts to reduce CO2 emissions (carbon footprint) through Project 'Mahindra Hariyali', by planting more than 1.5 Lakh saplings across the country.

Your Company is continuously driving interventions on sustainability at an organisational level and ensuring adequate engagement of its employees, customers and the local communities in the areas where it operates. The challenges and opportunities pertaining to sustainability and climate change prevailing in markets in which the Company operates have been well managed through its robust risk management framework. Your Company continually aspires to make sustainability a strategic differentiator for it and encourages adoption of sustainable practices across its value chain partners and stakeholders at large.

BUSINESS RESPONSIBILITY REPORT

The 'Business Responsibility Report' (BRR) of your Company for the year 2016-17 forms part of this Annual Report as required under Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is appended as **Annexure II**. Your Company continues to protect and sustain the rural livelihoods through a sustainable business model. The business model aims at transforming rural lives and driving positive change in the community. Your Company is working comprehensively on sustainability and engaging different stakeholders and driving collaborative efforts on this front.

The BRR can also be accessed on the Company's website at the web-link: **http://www.mahindrafinance.com/sustainability.aspx**.

CORPORATE SOCIAL RESPONSIBILITY

Your Company's Corporate Social Responsibility (CSR) initiatives are aligned to the mission of transforming rural lives, while contributing to the well-being of people and the planet. The endeavour is to empower the rural communities and help them unleash their potential. Your Company has identified Healthcare, Education and Environment as key CSR thrust areas and is engaged in a number of CSR initiatives directed at – Community Development, Employability Enhancement and Environment Sustenance.

During the year under review, your Company continued to make an impact through its ongoing CSR programs in the domains of :

(a) Healthcare – by organising a nationwide Blood Donation Drive and various Health check-up camps in different locations, donating medical care equipment, ambulances that provide medical care and treatment to communities in rural areas who do not have access to any medical facilities.

(b) Education – by supporting:

- **Nanhi Kalis** – providing educational support to underprivileged girls from poor urban, remote rural and tribal communities across India.
- **Mahindra Pride School** – providing intensive training in ITES, Retail and Hospitality to youth from socially and economically disadvantaged communities in urban and rural areas.
- **Mahindra Finance Scholarship** – providing scholarships to meritorious students from financially weaker backgrounds.
- **Financial Literacy** – imparting financial literacy skills to school children and sensitising individuals on various cashless methods of transaction.

(c) Livelihood – imparting drivers training to women and financial skills to unemployed youth to make them employable and live with dignity.

(d) Environment – by adding green cover through planting of over one lakh trees during the year through Project Hariyali and ensuring environmental sustainability.

(e) Rural Development – by supporting small and marginal farmers by training them in effective farming practices thereby increasing crop productivity, through the Wardha Family Farming Project.

In addition to the above your Company continued to support the Prime Minister's Swachh Bharat Mission by conducting various activities on sanitation and hygiene, organised visits to Municipal Schools, Orphanages, Differently-abled Homes and Old-Age Homes to re-affirm its pledge to the society.

During the year under review, your Company has spent Rs. 30.48 Crores towards Corporate Social Responsibility on CSR projects/programs. The amount equal to 2% of the average net profit for the past three financial years required to be spent on CSR activities was Rs. 30.42 Crores. Your Company is in compliance with the statutory requirements in this regard.

CSR COMMITTEE

The Company has duly constituted a CSR Committee in accordance with section 135 of the Companies Act, 2013 to assist the Board and the Company in fulfilling the corporate social responsibility objectives of the Company. The CSR Committee presently comprises Mr. Piyush Mankad (Chairman), Mr. Ramesh Iyer, Mr. V. Ravi and Dr. Anish Shah.

CSR POLICY

The CSR Policy of the Company is hosted on the Company's website at the web-link: **http://www.mahindrafinance.com/csr.aspx** and a brief outline of the CSR Policy and the CSR initiatives undertaken by the Company during the year as per Annexure prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014 have been appended as **Annexure III** to this Report.

EXTRACT OF ANNUAL RETURN

Pursuant to sub-section 3(a) of section 134 and sub-section (3) of section 92 of the Companies Act, 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as at 31st March, 2017 forms part of this Report and is appended as **Annexure IV**.

BOARD MEETINGS AND ANNUAL GENERAL MEETING

The calendar of the Board/Committee Meetings and the Annual General Meeting is circulated to the Directors in advance to enable them to plan their schedule for effective participation at the respective meetings. Additional Board Meetings are convened by giving appropriate notice to address business exigencies. At times certain decisions are taken by the Board/Committee through circular resolutions.

All the decisions and urgent matters approved by way of circular resolutions are placed and noted at the subsequent Board/Committee Meeting.

The Board of Directors met six times during the year under review, on 23rd April, 2016, 22nd July, 2016, 25th October, 2016, 29th November, 2016, 24th January, 2017 and 23rd March, 2017. The requisite quorum was present for all the Meetings. The maximum time gap between any two Meetings was not more than one hundred and twenty days. These Meetings were well attended. The 26th Annual General Meeting (AGM) of the Company was held on 22nd July, 2016.

Detailed information on the Meetings of the Board, its Committees and the AGM is included in the Report on Corporate Governance, which forms part of this Annual Report.

MEETINGS OF INDEPENDENT DIRECTORS

The Independent Directors met twice during the year under review, on 29th November, 2016 and 22nd March, 2017. The Meetings were conducted in an informal manner without the presence of the Whole-time Directors, the Non-Executive Non-Independent Directors, or any other Management Personnel.

COMMITTEES OF THE BOARD OF DIRECTORS

The Company has various Committees which have been constituted as a part of good corporate governance practices and the same are in compliance with the requirements of the relevant provisions of applicable laws and statutes.

Your Company has an adequately qualified and experienced Audit Committee with Mr. C. B. Bhave as the Chairman and Mr. Dhananjay Mungale, Mr. M. G. Bhide, Ms. Rama Bijapurkar, Mr. Piyush Mankad, Mr. V. S. Parthasarathy and Dr. Anish Shah as Members.

The recommendations of the Audit Committee were duly approved and accepted by the Board during the year under review.

The other Committees of the Board are:

i) Nomination and Remuneration Committee

ii) Stakeholders Relationship Committee

iii) Corporate Social Responsibility Committee

iv) Risk Management Committee

v) Asset Liability Committee

vi) Committee for Strategic Investments (formerly known as the "Strategy Committee for Acquisitions")

The details with respect to the composition, powers, roles, terms of reference, Meetings held and attendance of the Directors at such Meetings of the relevant Committees are given in detail in the Report on Corporate Governance of the Company which forms part of this Annual Report.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Directors

During the year under review, Mr. Ramesh Iyer was re-appointed as the Managing Director designated as "Vice-Chairman & Managing Director" of the Company for a further period of five years with effect from 30th April, 2016 to 29th April, 2021 by the Members, by means of a Postal Ballot voting process on 16th June, 2016.

During the year, the Members have also appointed Mr. V. Ravi, as a Whole-time Director designated as "Executive Director & Chief Financial Officer" of the Company for a period of five years with effect from 25th July, 2015 to 24th July, 2020, by way of Postal Ballot on 16th June, 2016.

Dr. Anish Shah was appointed as a Non-Executive Director of the Company by the Board of Directors at its Meeting held on 18th March, 2016. During the year under review, the Members have by means of a Postal Ballot voting process on 16th June, 2016, approved the appointment of Dr. Anish Shah as a Non-Executive Director.

In accordance with the provisions of the Companies Act, 2013, Mr. Ramesh Iyer, Vice-Chairman & Managing Director, is liable to retire by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for reappointment.

None of the Independent Directors are due for re-appointment.

Key Managerial Personnel

Mr. Ramesh Iyer, Vice-Chairman & Managing Director, Mr. V. Ravi, Executive Director & Chief Financial Officer and Ms. Arnavaz M. Pardiwala, Company Secretary of the Company have been designated as the Key Managerial Personnel of the Company (KMP) pursuant to the provisions of sections 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

There has been no change in the KMP during the year under review.

Declaration by Independent Directors

The Company has received declarations from all the Independent Directors of the Company confirming that they fulfill the criteria of independence as prescribed under sub-section (6) of section 149 of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015.

Directors' Responsibility Statement

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

i. in the preparation of the annual accounts for financial year ended 31st March, 2017, the applicable accounting standards have been followed and there are no material departures in adoption of these standards;

ii. they have in consultation with the Statutory Auditors selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company 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 Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv. they have prepared the annual accounts for financial year ended 31st March, 2017 on a going concern basis.

v. they have laid down adequate internal financial controls to be followed by the Company and that such internal financial controls were operating effectively during the financial year ended 31st March, 2017.

vi. they have devised proper systems to ensure compliance with provisions of all applicable laws and that such systems were adequate and operating effectively during the financial year ended 31st March, 2017.

Performance Evaluation of the Board

The Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") stipulate the evaluation of the performance of the Board, its Committees, Individual Directors and the Chairperson.

The Company has formulated a Policy for performance evaluation of the Independent Directors, the Board, its Committees and other individual Directors which includes criteria for performance evaluation of the Non-Executive Directors and Executive Directors.

The evaluation framework for assessing the performance of Directors comprises of various key areas such as attendance at Board and Committee Meetings, quality of contribution to Board discussions and decisions, strategic insights or inputs regarding future growth of the Company and its performance, ability to challenge views in a constructive manner, knowledge acquired with regard to the Company's business/activities, understanding of industry and global trends, etc.

The evaluation involves self-evaluation by the Board Member and subsequent assessment by the Board of Directors. A member of the Board will not participate in the discussion of his/her evaluation.

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 of the Listing Regulations, the Board has carried out an annual evaluation of its own performance and the Directors individually (including Independent Directors) as well as the evaluation of the working of its Committees.

Feedback was sought by well-defined and structured questionnaires covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, areas of responsibility, execution and performance of specific duties, obligations and governance, compliance, oversight of Company's subsidiaries, etc.

A separate exercise was carried out by the Nomination and Remuneration Committee of the Board to evaluate the performance of individual Directors who were evaluated on several parameters such as level of engagement and contribution, independence of judgment safeguarding the interest of the Company and its minority shareholders and knowledge acquired with regard to the Company's business/ activities.

The performance evaluation of the 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 Directors and Non-Executive Directors.

The performance evaluation of the Independent Directors was carried out by the entire Board excluding the Director being evaluated. Qualitative comments and suggestions of Directors were taken into consideration by the Chairman of the Board and the Chairman of the Nomination and Remuneration Committee. The Directors have expressed their satisfaction with the evaluation process.

Familiarisation Programme for Independent Directors

The details of programmes for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters along with details of number of programmes and number of hours spent by each of the Independent Directors during the Financial Year 2016-17, in terms of the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are available on the website of the Company at the web-link: **http://www.mahindrafinance.com/pdf/familiarisation-programmefor-IDs.pdf**.

Policies on Appointment of Directors and Remuneration of Directors, Key Managerial Personnel and Employees

In accordance with the provisions of section 134(3) (e) of the Companies Act, 2013 ("the Act") read with section 178(2) of the Act and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company has adopted a Policy on Appointment of Directors and Senior Management and succession planning for orderly succession to the Board and the Senior Management, which inter alia, includes the criteria for determining qualifications, positive attributes and independence of Directors.

Your Company has also adopted the Policy on Remuneration of Directors and the Remuneration Policy for Key Managerial Personnel and Employees of the Company in accordance with the provisions of sub-section (4) of section 178, and the same are appended as **Annexure V-A** and **Annexure V-B**, respectively and form part of this Report.

The criteria for determining qualifications, positive attributes and independence of a Director and the Remuneration Policy for Directors, Key Managerial Personnel and other employees have been discussed in detail in the Report on Corporate Governance.

AUDITORS

Statutory Auditors

Messrs. B. K. Khare & Co., Chartered Accountants (ICAI Firm Registration No.105102W), the retiring Auditors of the Company complete their term as Statutory Auditors as provided under the Companies Act, 2013 and relevant Rules thereunder at the conclusion of the ensuing Annual General Meeting ("AGM") of the Company.

The Board has placed on record its sincere appreciation for the services rendered by Messrs. B. K. Khare & Co., as Statutory Auditors of the Company.

The Board of Directors on the recommendation of the Audit Committee has approved and recommended to the Members, the appointment of Messrs. B S R & Co. LLP, Chartered Accountants, (ICAI Firm Registration No. 101248W/W-100022) as Statutory Auditors for a period of 5 years, commencing from the conclusion of the 27th AGM till the conclusion of the 32nd AGM, subject to ratification of their appointment by the Members at every AGM, as may be applicable. Messrs. B S R & Co. LLP, Chartered Accountants, have given a written consent to act as Statutory Auditors of your 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.

The Members are requested to appoint Messrs. B S R & Co. LLP, Chartered Accountants, as Statutory Auditors of the Company in place of the retiring Auditors, Messrs. B. K. Khare & Co., Chartered Accountants at the ensuing AGM for a term of 5 years from the conclusion of the ensuing AGM till the conclusion of the 32nd AGM and fix their remuneration.

The Auditors' Report is unmodified and does not contain any qualification, reservation, adverse remark or disclaimer.

Secretarial Auditor

The Board of Directors of the Company has appointed Messrs. KSR & Co., Company Secretaries LLP to conduct the Secretarial Audit of the Company pursuant to the provisions of section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. In accordance with the provisions of sub-section (1) of section 204, the Secretarial Audit Report for the Financial Year 2016-17 is appended to this Report as **Annexure VI**.

The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer.

Reporting of Frauds by Auditors

During the year under review, the Statutory Auditors and the Secretarial Auditor have not reported any instances of frauds committed in the Company by its Officers or Employees to the Audit Committee under section 143(12) of the Companies Act, 2013, details of which need to be mentioned in this Report.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All contracts/arrangements/transactions entered into by the Company during the Financial Year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract/arrangement/transaction with related parties which could be considered material in accordance with the Policy on Related Party Transactions.

Pursuant to section 134(3) (h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, there are no transactions to be reported under section 188(1) of the Companies Act, 2013. Accordingly, the disclosure of Related Party Transactions as required under section 134(3)(h) of the Companies Act, 2013 in Form AOC 2 is not applicable.

The Policy on Related Party Transactions as approved by the Board of Directors of the Company is uploaded on the website of the Company and the same can be accessed at the web-link: **http://www.mahindrafinance.com/policies.aspx**.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

No material changes and commitments affecting the financial position of your Company have occurred after the closure of the Financial Year 2016-17 till the date of this Report.

RISK MANAGEMENT POLICY

Your Company has a comprehensive Risk Management Policy in place and has laid down a well-defined risk management framework to identify, assess and monitor risks and strengthen controls to mitigate risks. Your Company has established procedures to periodically place before the Risk Management Committee and the Board of Directors, the risk assessment and minimisation procedures being followed by the Company and steps taken by it to mitigate these risks.

The Risk Management Policy, inter alia, includes identification therein of elements of risk, including those which in the opinion of the Board may threaten the existence of the Company. The Risk management process has been established across the Company and is designed to identify, assess and frame a response to threats that affect the achievement of its objectives. Further, it is embedded across all the major functions and revolves around the goals and objectives of the Company.

The development and implementation of Risk Management Policy adopted by the Company is discussed in detail in the Management Discussion and Analysis chapter, which forms part of this Annual Report.

WHISTLE BLOWER POLICY/VIGIL MECHANISM

The Company promotes ethical behaviour in all its business activities and has established a vigil mechanism for its Directors, Employees and Stakeholders associated with the Company to report their genuine concerns. The Vigil Mechanism as envisaged in the Companies Act, 2013 and the Rules prescribed thereunder and the Listing Regulations is implemented through the Whistle Blower Policy, to provide for adequate safeguards against victimisation of persons who use such mechanism and make provision for direct access to the Chairperson of the Audit Committee.

As per the Whistle Blower Policy implemented by the Company, the Employees, Directors, customers, dealers, vendors, suppliers, or any Stakeholders associated with the Company are free to report illegal or unethical behaviour, actual or suspected fraud or violation of the Company's Codes of Conduct or Corporate Governance Policies or any improper activity to the Chairman of the Audit Committee of the Company or Chairman of the Company or Convenor of the Corporate Governance Cell.

The Whistle Blower Policy provides for protected disclosure and protection to the Whistle Blower. Under the Whistle Blower Policy, the confidentiality of those reporting violation(s) is protected and they are not subject to any discriminatory practices. Protected disclosures can also be made by sending an email at the designated email id: **mmfsl_whistleblower@mahindra.com**.

The Whistle Blower Policy has been appropriately communicated within the Company and is available on the website of your Company at the web-link: **http://www.mahindrafinance.com/pdf/MMFSL_VigilMechanism.pdf**.

No personnel have been denied access to the Audit Committee.

SUBSIDIARIES, JOINT VENTURE AND ASSOCIATES

The Company's subsidiaries and joint venture continue to contribute to the overall growth in revenues and overall performance of your Company.

A Report on the performance and financial position of each of the subsidiaries and the joint venture company as per the Companies Act, 2013 is provided in Form AOC-1 as **Annexure A** to the Consolidated Financial Statements and hence not repeated here for the sake of brevity.

The Policy for determining material subsidiaries as approved by the Board is hosted on the Company's website and can be accessed at the web-link: **http://www.mahindrafinance.com/policies.aspx**.

SUBSIDIARIES

Mahindra Insurance Brokers Limited

During the year under review, Mahindra Insurance Brokers Limited (MIBL) serviced 1.5 million insurance cases, with a total of 15,91,796 cases for both Life and Non-Life Retail business. The customised Life insurance cover "Mahindra

Loan Suraksha" (MLS) increased from 5,13,093 lives covered with a Sum Assured of Rs. 14,792.8 Crores in the Financial Year 2015-16 to 5,82,949 lives covered with a Sum Assured of Rs.18,027.6 Crores in the Financial Year 2016-17. A substantial portion of MLS continues to be covered in the rural markets.

MIBL achieved a growth of 27% in Gross Premium facilitated for the Corporate and Retail business lines, increasing from Rs. 1,238.6 Crores in the Financial Year 2015-16 to Rs. 1,567.9 Crores in the Financial Year 2016-17.

The Total Income of MIBL increased by 17% from Rs. 149.2 Crores in the Financial Year 2015-16 to Rs. 174.2 Crores in the Financial Year 2016-17. The Profit before tax increased by 9% from Rs. 75.2 Crores to Rs. 81.7 Crores, and the Profit after tax increased by 9% from Rs. 48.5 Crores to Rs. 53.0 Crores during the same period.

Mahindra Rural Housing Finance Limited

Mahindra Rural Housing Finance Limited (MRHFL) has during the year ended 31st March, 2017, disbursed loans aggregating Rs. 2,116.2 Crores (previous year Rs. 1,552.5 Crores) achieving a growth of 36% over the previous year. Profit after tax was 32% higher at Rs. 83.0 Crores as compared to Rs. 62.7 Crores for the previous year. The outstanding loan portfolio as at 31st March, 2017 stood at Rs. 4,823.6 Crores.

MRHFL continued its focus on serving customers in rural India. Majority of the loans disbursed were to customers in villages with an average annual household income of less than Rs. 1.5 lakhs. During the year under review, around 1,72,000 families were given home loans (in addition to around 3,88,000 existing families as on 31st March, 2016).

MRHFL has been expanding its geographical presence, to provide affordable services for rural households and has also entered the semi-urban market segment.

Mahindra Asset Management Company Private Limited

The Securities and Exchange Board of India (SEBI) had granted a Certificate of Registration to Mahindra Mutual Fund on 4th February, 2016. SEBI had also approved the application of Mahindra Asset Management Company Private Limited (MAMCPL), a wholly-owned Subsidiary of the Company to act as an Investment Manager to the schemes of Mahindra Mutual Fund, on the same date. Following this approval, MAMCPL launched the first scheme of Mahindra Mutual Fund in July 2016. As on 31st March 2017, MAMCPL was managing four schemes of Mahindra Mutual Fund with average assets amounting to Rs. 2,050 Crores in March 2017. During the year under review, MAMCPL has opened six branches, employed close to one hundred employees, empanelled more than 4,100 distributors and opened more than 37,800 investor accounts.

During the year, MAMCPL earned investment management fees of Rs. 351 lakhs and investment income of Rs. 530 lakhs. The total income for the year was Rs. 881 lakhs and the total expenses amounted to Rs. 2,928.5 lakhs leading to a loss of Rs. 2,047.4 lakhs. MAMCPL has issued equity shares on a Rights basis, amounting to Rs. 3,045 lakhs during the year, to fund the expenses as well as maintain its networth above Rs. 5,000 lakhs as mandated by SEBI Regulations.

Mahindra Trustee Company Private Limited

The Securities and Exchange Board of India (SEBI) had granted a Certificate of Registration to Mahindra Mutual Fund on 4th February, 2016. Mahindra Trustee Company Private Limited (MTCPL), a wholly-owned Subsidiary of the Company acts as the Trustee to the schemes of Mahindra Mutual Fund.

During the year, MTCPL earned trusteeship fees of Rs. 3.1 lakhs. The total expenses were Rs. 23.5 lakhs leading to a loss of Rs. 20.4 lakhs. MTCPL has issued equity shares on a Rights basis amounting to Rs. 35 lakhs during the year to fund the expenses.

JOINT VENTURE

Mahindra Finance USA LLC.

The joint venture company's disbursement registered a growth of 12.3% to USD 7,646.11 Lakhs for the year ended 31st March, 2017 as compared to USD 6,807.75 Lakhs for the previous year.

Income grew by 36.27% to USD 426.66 Lakhs for the year ended 31st March, 2017 as compared to USD 313.09 Lakhs for the previous year. Profit before tax was 43.96% higher at USD 129.13 Lakhs as compared to USD 89.70 Lakhs for the previous year. Profit after tax grew at a healthy rate of 42.22% to USD 81.49 Lakhs as compared to USD 57.30 Lakhs in the previous year.

Names of companies which have become or ceased to be subsidiaries, joint ventures or associate companies during the year

During the year under review, no company has become or ceased to be a subsidiary, joint venture or associate of your Company.

The Company shall provide the copy of the annual accounts of its subsidiary companies and the related information to the Members of the Company on their request. The annual accounts of the subsidiary companies will also be kept open for inspection by any Member at the Registered Office of the Company and also at the Registered Office of the respective subsidiary companies during working hours upto the date of the Annual General Meeting.

The Annual Reports of the subsidiaries will also be available on your Company's website at the web-link: **http://www.mahindrafinance.com/annual-reports.aspx**.

Material Subsidiary

Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 defines a "material subsidiary" to mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

Under this definition, the Company did not have any material subsidiary, during the year under review.

Consolidated Financial Statements

The Consolidated Financial Statements of the Company and its four subsidiaries, viz. Mahindra Insurance Brokers

Limited, Mahindra Rural Housing Finance Limited, Mahindra Asset Management Company Private Limited and Mahindra Trustee Company Private Limited prepared in accordance with the Companies Act, 2013 and Accounting Standard AS 21 prescribed by The Institute of Chartered Accountants of India, along with all relevant documents and the Auditors' Report form part of this Annual Report. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies and its joint venture viz. Mahindra Finance USA LLC.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND THE COMPANY'S OPERATIONS IN FUTURE

There are no significant and material orders passed by the regulators or courts or tribunals that would impact the going concern status of the Company and its future operations.

DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

Your Company has in place adequate internal financial controls with reference to financial statements, commensurate with the size, scale and complexity of its operations. Review of the internal financial controls environment of the Company was undertaken during the year which covered verification of entity level control, process level control and IT controls, identification, assessment and definition of key business processes and analysis of risk control matrices, etc. The risk and control matrices are reviewed on a quarterly basis and control measures are tested and documented.

Reasonable Financial Controls are operative for all the business activities of the Company and no material weakness in the design or operation of any control was observed.

PARTICULARS OF REMUNERATION AND RELATED DISCLOSURES

Disclosures pursuant to Section 197(12) of the Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are as under:

Sr. No.	Disclosure Requirement	Disclosure Details		
		Name of Director/KMP	**Designation**	**Ratio of the remuneration of each Director to median remuneration of Employees**
1.	Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2016-17	Mr. Dhananjay Mungale	Chairman (Independent Director)	13.43X
		Mr. M. G. Bhide	Independent Director	10.82X
		Mr. Piyush Mankad	Independent Director	10.16X
		Mr. C. B. Bhave	Independent Director	10.16X
		Ms. Rama Bijapurkar	Independent Director	9.55X
		Mr. V. S. Parthasarathy	Non-Executive Director	NIL*
		Dr. Anish Shah	Non-Executive Director	NIL*
		Mr. Ramesh Iyer	Vice-Chairman & Managing Director	275.34X
		Mr. V. Ravi	Executive Director & Chief Financial Officer	122.13X
		Ms. Arnavaz M. Pardiwala	Company Secretary & Compliance Officer	27.51X

* Mr. V. S. Parthasarathy and Dr. Anish Shah do not receive any remuneration from the Company.

Sr. No.	Disclosure Requirement	Disclosure Details		
		Name of Director/KMP	**Designation**	**% increase in Remuneration**
2.	Percentage increase in Remuneration of each Director, Chief Financial Officer and Company Secretary during the Financial Year 2016-17	Mr. Dhananjay Mungale	Chairman (Independent Director)	40.48
		Mr. M. G. Bhide	Independent Director	6.43
		Mr. Piyush Mankad	Independent Director	2.89
		Mr. C. B. Bhave	Independent Director	9.21
		Ms. Rama Bijapurkar	Independent Director	3.08
		Mr. V. S. Parthasarathy	Non-Executive Director	NIL*
		Dr. Anish Shah	Non-Executive Director	NIL*
		Mr. Ramesh Iyer	Vice-Chairman & Managing Director	54.68
		Mr. V. Ravi	Executive Director & Chief Financial Officer	48.29
		Ms. Arnavaz M. Pardiwala	Company Secretary & Compliance Officer	53.78

* Mr. V. S. Parthasarathy and Dr. Anish Shah do not receive any remuneration from the Company.

3.	Percentage increase in the median Remuneration of employees in the Financial Year	40.06% considering employees who were in employment for the whole of the Financial Year 2015-16 and Financial Year 2016-17.
4.	Number of Permanent employees on the rolls of the Company as on 31st March, 2017	15,109
5.	Average percentile increase already made in the salaries of employees other than the Managerial Personnel in the last Financial Year i.e. 2016-17 and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	For employees other than Managerial Personnel who were in employment for the whole of the Financial Year 2015-16 and Financial Year 2016-17, the average increase is 39.89%.
		Average increase for Managerial Personnel is 52.73%
		Justification : The remuneration of the Vice-Chairman & Managing Director and Executive Director & Chief Financial Officer is decided based on the individual performance, inflation, prevailing industry trends and benchmarks.
		The remuneration of eligible Non-Executive Directors consists of commission and sitting fees. While deciding the remuneration, 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, etc. were taken into consideration.
		The increment given to each individual employee is based on the employees' potential, experience as also their performance and contribution to the Company's progress over a period of time and also benchmarked against a comparator basket of relevant companies in India.
6.	Affirmation that the remuneration is as per the Remuneration Policy of the Company	The remuneration paid/payable is as per the Policy on Remuneration of Directors and Remuneration Policy for Key Managerial Personnel and Employees of the Company.

Notes:

1) The remuneration calculated is as per section 2(78) of the Companies Act, 2013 and includes the perquisite value of Stock Options of the Company exercised during the year.
2) The calculations are based on Employees who were on the rolls of the Company for the whole of the Financial Year 2015-16 and Financial Year 2016-17.

Mr. Ramesh Iyer, Vice-Chairman & Managing Director and Mr. V. Ravi, Executive Director & Chief Financial Officer of the Company do not receive any remuneration or commission from its holding company or any of the subsidiaries of the Company. However, Mr. Iyer has been granted stock options under the Employees' Stock Option Scheme of the holding Company, Mahindra & Mahindra Limited. Mr. Iyer has not exercised ESOPs of the holding Company, during the year, which were granted in the earlier year(s).

The Company had seven employees who were in receipt of remuneration of not less than Rs. 1,02,00,000 during the year ended 31st March, 2017 or not less than Rs. 8,50,000 per month during any part of the year.

Details of employee remuneration as required under provisions of section 197(12) of the Companies Act, 2013 read with Rule 5(2) & 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are available at the Registered Office of the Company during working hours, 21 days before the Annual General Meeting and shall be made available to any Shareholder on request. Such details are also available on your Company's website and can be accessed at the web-link: **http://www.mahindrafinance.com/annual-reports.aspx**. None of these employees is a relative of any Director of the Company.

None of the employees holds either by himself/herself or along with his/her spouse or dependent children, more than two per cent of the Equity Shares of the Company.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company is an equal opportunity employer and is committed to ensuring that the work environment at all its locations is conducive to fair, safe and harmonious relations between employees. It strongly believes in upholding the dignity of all its employees, irrespective of their gender or seniority. Discrimination and harassment of any type are strictly prohibited.

The Company has in place an appropriate Policy in accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, to prevent sexual harassment of its employees.

Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment.

All employees (permanent, contractual, temporary and trainees) are covered under this Policy.

The Company ensures that no employee is disadvantaged by way of gender discrimination.

The following is a summary of Sexual Harassment complaints received and disposed off during the year 2016-17, pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder:

(a) Number of complaints of Sexual Harassment received during the year – 3

(b) Number of complaints disposed off during the year – 3

(c) Number of cases pending for more than 90 days – 0

(d) Number of workshops/awareness programme against sexual harassment carried out – 5 workshops were conducted. Awareness on sexual harassment was carried out in branches pan-India for all employees of the Company.

(e) Nature of action taken by the employer or District Officer – The allegation was not proved, hence no action was taken against the alleged employees.

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

The particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under sub-section (3) (m) of section 134 of the Companies Act, 2013 read with Rule (8)(3) of the Companies (Accounts) Rules, 2014 are given as under :

(A) Conservation of Energy

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

The operations of your Company are not energy intensive. However, adequate measures have been initiated to reduce energy consumption.

Select few steps are listed:

a) Installation of Solar UPS in different States:

The Company has deployed Solar UPS at 62 branches pan-India. The Company has one branch in Gopalganj, Bihar, which is running completely on Solar energy since last 3 years.

b) Replacement of conventional lighting with Light Emitting Diode (LED) lighting.

c) Reduction in water and energy consumption and recycling of waste generation at various locations.

(ii) The steps taken by the Company for utilising alternate sources of energy:

The Company has generated 323 megawatt of energy through 62 Solar UPS having total capacity of 176 kilowatt 'peak' installed across various branches pan-India during the Financial Year 2016–17.

(iii) The capital investment on energy conservation equipments: Nil.

(B) Technology Absorption

(i) The efforts made towards technology absorption: **Not Applicable.**

(ii) The benefits derived like product improvement, cost reduction, product development or import substitution: **Not Applicable.**

(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the Financial Year): **Not Applicable.**

(a) Details of Technology Imported;

(b) Year of Import;

(c) Whether the Technology has been fully absorbed;

(d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof.

(iv) Your Company has not incurred any expenditure on Research and Development during the year under review.

(C) Foreign Exchange Earnings and Outgo

The information on foreign exchange outgo is furnished in the Notes to the Accounts. There were no foreign exchange earnings during the year.

For and on behalf of the Board

Dhananjay Mungale
Chairman

Place: Mumbai
Date : 25th April, 2017

PARTICULARS OF LOANS/ADVANCES, ETC., PURSUANT TO REGULATION 34 READ WITH PARAGRAPH A OF SCHEDULE V OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.

Loans and advances in the nature of loans to subsidiaries:

(Rs. in Crores)

Name of the Company	Balance as on 31st March, 2017	Maximum Outstanding during the Year
Mahindra Rural Housing Finance Limited	Nil	46.56

The Company has not made any loans and advances in the nature of loans to associates or loans and advances in the nature of loans at a rate of interest lower than the prevailing yield of one year, three year, five year or ten year Government Security closest to the tenor of the loan, pursuant to section 186 of the Companies Act, 2013.

ANNEXURE I TO THE BOARD'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2017

DIVIDEND DISTRIBUTION POLICY

PREAMBLE

Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016, ["the Listing Regulations"] makes it mandatory for the top five hundred listed entities based on their market capitalization calculated as on March 31 of every financial year to formulate a Dividend Distribution Policy.

In compliance with the provisions of Regulation 43A of the Listing Regulations the Board of Directors of the Company at its meeting held on 25th October, 2016, has approved and adopted the Dividend Distribution Policy of the Company ["the Policy"]. The Policy shall come into force for accounting periods beginning from 1st April, 2016.

OBJECTIVE

The Policy establishes the principles to ascertain amounts that can be distributed to equity shareholders as dividend by the Company as well as enable the Company strike balance between pay-out and retained earnings, in order to address future needs of the Company.

This Policy aims to ensure that the Company makes rational decision with regard to the amount to be distributed to the shareholders as dividend after retaining sufficient funds for the Company's growth, to meet its long-term objective and other purposes. It lays down various parameters which shall be considered by the Board of Directors of the Company before recommendation/declaration of dividend to its shareholders.

DEFINITIONS

a. "Act" means the Companies Act, 2013 and Rules made thereunder [including any amendments or re-enactments thereof].

b. "Applicable laws" shall mean to include Companies Act, 2013 and Rules made thereunder, [including any amendments or re-enactments thereof], Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, [including any amendments or re-enactments thereof], Rules/guidelines/notifications/circulars issued by the Reserve Bank of India and any other regulation, rules, acts, guidelines as may be applicable to the distribution of dividend.

c. "Board" or "Board of Directors" shall mean Board of Directors of the Company, as constituted from time to time.

d. "Company" shall mean Mahindra & Mahindra Financial Services Limited.

e. "Dividend" includes any interim dividend; which is in conformity with Section 2(35) of the Companies Act, 2013 read with Companies (Declaration and Payment of Dividend) Rules, 2014.

f. "Financial year" shall mean the period starting from 1st day of April and ending on the 31st day of March every year,

g. "Free reserves" shall mean the free reserves as defined under Section 2 (43) of the Act.

h. "Capital to Risk Assets Ratio" (Capital Adequacy Ratio) shall mean the Percentage of Capital Funds to Risk Weighted Assets/Exposures of the Company.

DIVIDEND DISTRIBUTION PHILOSOPHY

Dividends will generally be recommended by the Board once a year, after the announcement of the full year results and before the Annual General Meeting (AGM) of the shareholders, as may be permitted by the Companies Act, 2013. The Board may also declare interim dividends as may be permitted by the Companies Act, 2013.

The Company has had a consistent dividend policy that balances the objective of appropriately rewarding shareholders through dividends and to support the future growth.

Information on dividend for the last 10 years is furnished in the Annual Report.

PARAMETERS ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES

i) Dividend would continue to be declared on per share basis on the Equity Shares of the Company having face value of Rs. 2 each. Presently, the Authorised Share Capital of the Company is divided into Equity Shares of Rs. 2 each and Preference Shares of Rs. 100 each. At present, the issued and paid-up share capital of the Company comprises of only Equity Shares of Rs. 2 each which rank pari passu with respect to all their rights. Therefore, dividend declared will be distributed amongst all shareholders, based on their shareholding on the record date. In the event of the Company issuing any other class(es) of shares, it shall consider and specify the other parameters to be adopted with respect to such class(es) of shares.

ii) The Company shall first declare dividend on outstanding preference shares, if any, at the rate of dividend fixed at the time of issue of preference shares and thereafter, the dividend would be declared on Equity Shares.

iii) As and when the Company issues other kind of shares, the Board of Directors may suitably amend this Policy.

FACTORS FOR RECOMMENDATION/DECLARATION OF DIVIDEND

As in the past, subject to the provisions of the applicable law, the Company's dividend payout will be determined based on available financial resources, investment requirements and taking into account optimal shareholder return. Within these parameters, the Company would endeavour to maintain a total dividend pay-out ratio in the range of 20% to 30% of the annual standalone Profits after Tax (PAT) of the Company.

While determining the nature and quantum of the dividend payout, including amending the suggested payout range as above, the Board would take into account the following factors:

Internal Factors (Financial Parameters):

i. Profitable growth of the Company and specifically, profits earned during the financial year as compared with:
   a. Previous years; and
   b. Internal budgets,
ii. Cash flow position of the Company,
iii. Accumulated reserves,
iv. Capital to Risk Assets Ratio (Capital Adequacy Ratio),
v. Transfer to Statutory Reserves as per the Reserve Bank of India Act, 1934,
vi. Transfer to Debenture Redemption Reserve,
vii. Earnings stability,
viii. Future cash requirements for organic growth/expansion and/or for inorganic growth,
ix. Brand acquisitions,
x. Current and future leverage and, under exceptional circumstances, the amount of contingent liabilities,
xi. Deployment of funds in short term marketable investments,
xii. Long term investments,
xiii. Capital expenditure(s), and
xiv. The ratio of debt to equity (at net debt and gross debt level).

External Factors:

i. Business cycles,
ii. Economic environment,
iii. Cost of external financing,
iv. Applicable taxes including tax on dividend,
v. Industry outlook for the future years,
vi. Inflation rate, and
vii. Changes in the Government policies, industry specific rulings and regulatory provisions.

Apart from the above, the Board also considers past dividend history and sense of shareholders' expectations while determining the rate of dividend. The Board may additionally recommend special dividend in special circumstances.

CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS OF THE COMPANY MAY OR MAY NOT EXPECT DIVIDEND

The shareholders of the Company may not expect dividend in the below mentioned circumstances:

i. In the event of a growth opportunity where the Company may be required to allocate a significant amount of capital.
ii. In the event of higher working capital requirement for business operations or otherwise.
iii. In the event of inadequacy of cashflow available for distribution.
iv. In the event of inadequacy or absence of profits.

The Board may consider not declaring dividend or may recommend a lower payout for a given financial year, after analysing the prospective opportunities and threats or in the event of challenging circumstances such as regulatory and financial environment.

In such event, the Board will provide rationale in the Annual Report.

MANNER OF UTILISATION OF RETAINED EARNINGS

The retained earnings of the Company may be used in any of the following ways:

i. Capital expenditure for working capital,
ii. Organic and/or inorganic growth,
iii. Investment in new business(es) and/or additional investment in existing business(es),
iv. Declaration of dividend,
v. Capitalisation of shares,
vi. Buy back of shares,
vii. General corporate purposes, including contingencies,
viii. Correcting the capital structure,
ix. Any other permitted usage as per the Companies Act, 2013.

GENERAL

Due regard shall be given to the restrictions/covenants contained in any agreement entered into with the lenders of the Company or any other financial covenant as may be specified under any other arrangement/agreement, if any, before recommending or distributing dividend to the shareholders.

REVIEW

The Board of Directors shall have the right to modify, amend or change any or all clauses of this Policy in accordance with the provisions of the Applicable laws/Acts/Regulations or otherwise.

In case of any amendment(s), clarification(s), circular(s) etc., issued under any Applicable laws/Regulations, which is not consistent with any of the provisions of this Policy, then such amendment(s), clarification(s), circular(s) etc., shall prevail upon the provisions hereunder and this Policy shall be deemed to be amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

DISCLOSURES

The Company shall make appropriate disclosures in compliance with the provisions of the Listing Regulations, in particular the disclosures required to be made in the annual report and on the website of the Company.

The policy will be available on the Company's website and the link to the Policy is: **http://www.mahindrafinance.com/policies.aspx**. The Policy will also be disclosed in the Company's annual report.

In case, the Company proposes to declare dividend on the basis of the parameters in addition to those as specified in this Policy and/or proposes to change any of the parameters, the Company shall disclose such changes along with the rationale in the annual report and on its website.

ANNEXURE II TO THE BOARD'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2017

Business Responsibility Report for the year 2016-17

[Pursuant to Regulation 34(2) (f) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1	Corporate Identity Number (CIN) of the Company	L65921MH1991PLC059642	
2	Name of the Company	Mahindra & Mahindra Financial Services Limited	
3	Registered address	Gateway Building, Apollo Bunder, Mumbai - 400 001, Maharashtra, India.	
4	Website	http://www.mahindrafinance.com	
5	E-mail	investorhelpline_mmfsl@mahindra.com	
6	Financial Year reported	1st April, 2016 to 31st March, 2017	
7	Sector(s) that the Company is engaged in (industrial activity code-wise):	Description of the main products/ services	NIC code for the product or service
		Asset Financing	64990
8	List three key products/services that the Company manufactures/provides (as in balance sheet):	1) Vehicle/Tractor Financing	
		2) Small and Medium-sized Enterprises (SME) Financing	
		3) Investments and Advisory	
9	Total number of locations where business activity is undertaken by the Company	i. Number of International Locations (Provide details of major 5)	ii. Number of National Locations
		The Company has presence in India & Company operates through its Joint Venture (JV) company Mahindra Finance USA LLC in United States	1,182 offices as on 31st March, 2017.
10	Markets served by the Company – Local/State/ National/International	The Company serves Local/State and National Level markets with focus on rural and semi-urban areas of India.	

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1	Paid up Capital (INR)	11,300.83 lakhs
2	Total Turnover (INR)	6,23,753.82 lakhs
3	Total profit after taxes (INR)	40,023.49 lakhs
4	Total Spending on Corporate Social Responsibility (CSR) (INR) As percentage of profit after tax (%)	3,047.53 lakhs 2.00% of average Net Profit for last three Financial Years
5	List of activities in which expenditure in 4 above has been incurred.	• Supporting the PM's clean India campaign by spreading awareness about Swacch Bharat Abhiyan and partnering with Indian Sanitation Coalition (ISC) to drive sustainable sanitation through a partnership mode
		• Improving health conditions and medical facilities in various villages across nation by organising blood donation camps, eye check-up camps, health camps and also by providing medical aid
		• Promoting access to healthcare for marginalised populations by providing ambulances
		• Alleviating attrition rates of underprivileged girls from schools by contributing to the project 'Nanhi Kali'
		• Enhancing the state of educational institutions by providing necessary infrastructure to schools and books, stationery and other relevant material to underprivileged children
		• Empowering socially & economically disadvantaged youth by providing intensive training in ITES, Retail and Hospitality in Mahindra Pride School

		• Educating school children on the importance of personal finance management by teaching financial literacy courses and distributing financial literacy kit and sensitising community on cashless methods of transaction
		• Increasing employability of youth and women by imparting knowledge on financial skills and driver training respectively
		• Encouraging continued education of school going children, undergraduates and post-graduates by providing need based scholarship
		• Supporting old age homes, orphanages and differently abled homes
		• Aiding environmental conservation and restoration programs such as tree plantation, rain water harvesting & watershed management financially
		• Providing financial support to various organizations that preserve and promote the fine arts and different forms of traditional dance
		• Improving agribase, livelihood of farmers
		• CSR Administrative Expenses (Full details are given in Annexure III of the Board's Report for FY 2016-17)

SECTION C: OTHER DETAILS

1	Does the Company have any Subsidiary Company/Companies?	Yes, the Company has four Subsidiary Companies as on 31st of March 2017.
		1) Mahindra Insurance Brokers Limited
		2) Mahindra Rural Housing Finance Limited
		3) Mahindra Asset Management Company Private Limited
		4) Mahindra Trustee Company Private Limited
2	Do the Subsidiary Company/Companies participate in the Business Responsibility (BR) Initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(s)	Yes, two Subsidiary Companies viz. Mahindra Insurance Brokers Limited and Mahindra Rural Housing Finance Limited participate in the Company's BR initiatives and are also included in the scope of its Sustainability Report. The Sustainability Reports of last 4 years are available on the Company's website at the web-link: **http://www.mahindrafinance.com/sustainability.aspx**.
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with; participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	Yes, the Company has developed a long lasting relationship with the Dealers of Original Equipment Manufacturers (OEMs). The Company has a Dealers' Council and organizes regular Dealer meets for engaging with these dealers. Also, customer feedback and satisfaction with the services are recorded in the form of 'Customer as Promoter Score' (CaPS). CaPS is calculated based on a question whether the dealer/customer would recommend the Company to their customers/friends. A person usually recommends a brand to someone only if he/she is satisfied with it and wants to continue being associated with the brand. Thus CaPS is a measure which takes into account both satisfaction and loyalty of a person with a brand. This feedback is utilized to create new action plans for the improvement of Company's products and services. The issues arising with the dealers are captured in CaPS survey findings which are addressed and acted upon. This results in decreased customer dissatisfaction, improved turn-around-time and better customer experience in loan funding process. The Company initiates programs to encourage adoption of sustainable business practices amongst its suppliers. Since the Company operates in the financial services sector, most of the suppliers are small scale vendors and service providers. The current reach for the program is less than 30%. Over the years the Company intends to cover more percentage of its suppliers under business responsibility programs and themes.

SECTION D: BR INFORMATION

1. DETAILS OF DIRECTOR/DIRECTORS RESPONSIBLE FOR BR

a) Details of the Director/Directors responsible for implementation of the BR policy/policies

DIN Number	Name	Designation
00220759	Mr. Ramesh Iyer	Vice-Chairman & Managing Director, President - Financial Services Sector & Member of the Group Executive Board

b) Details of the BR head

S.No.	Particulars	Details
1	DIN Number (if applicable)	01904423
2	Name	Mr. Vinay Deshpande
3	Designation	Chief People Officer
4	Telephone number	+91 22 66526000
5	e-mail id	deshpande.vinay@mahindra.com

2. PRINCIPLE-WISE (AS PER NVGS) BR POLICY/POLICIES

The Business Responsibility Policy ("BR Policy") addressing the following 9 principles, as per the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs), duly approved by the Board, is in place. This policy is operationalised and supported by various other policies, guidelines and manuals. The 9 principles outlined in the National Voluntary Guidelines are as follows:

PRINCIPLE 1

Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

PRINCIPLE 2

Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

PRINCIPLE 3

Businesses should promote the wellbeing of all employees.

PRINCIPLE 4

Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

PRINCIPLE 5

Businesses should respect and promote human rights.

PRINCIPLE 6

Businesses should respect, protect and make efforts to restore the environment.

PRINCIPLE 7

Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner.

PRINCIPLE 8

Businesses should support inclusive growth and equitable development.

PRINCIPLE 9

Businesses should engage with and provide value to their customers and consumers in a responsible manner.

a) Details of compliance (Reply in Y/N)

		Ethics, Transparency and Accountability	Product Life Cycle*	Employee Wellbeing	Stakeholder Engagement	Human Rights	Environment*	Public and Regulatory Policy	Inclusive Growth	Customers and Consumers
Sl. No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y

		Ethics, Transparency and Accountability	Product Life Cycle*	Employee Wellbeing	Stakeholder Engagement	Human Rights	Environment*	Public and Regulatory Policy	Inclusive Growth	Customers and Consumers
Sl. No	**Questions**	**P1**	**P2**	**P3**	**P4**	**P5**	**P6**	**P7**	**P8**	**P9**
3	Does the policy confirm to any national/international standards? If yes, specify?	Y	NA	Y	Y	Y	Y	Y	Y	Y
4	Has the policy been approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the Company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?#	Y	Y	Y	Y	Y	Y	Y	Y	Y
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y[1]	Y[1]	Y[1]	Y[1]	Y[1]	Y[1]	Y[1]	Y[1]	Y[1]
8	Does the Company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	NA	Y	Y	Y	Y	NA	Y	Y
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y[2]	Y[2]	Y[2]	Y[2]	Y[2]	Y[2]	Y[2]	Y[2]	Y[2]

* Considering the nature of the Company's business, this principle has limited applicability to our service offering and financial products

Note:

Y – Yes, the Company has relevant policies and systems in place with respect to the principle and the related questions as per the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs).

\# – The Company's BR Policy is shared internally within the organisation on its intranet and externally on its website at the web-link: **http://www.mahindrafinance.com/policies.aspx**

Y[1] – The BR Policy has been appropriately communicated to the relevant stakeholders.

Y[2] – While the Company has not carried out independent audit of the policies; there is a limited assurance by an external agency for the Sustainability Report. The execution of the policies is through processes and systems, which are regularly reviewed and considered for improvements.

In addition to the Principle specific Polices and information can be referred on the links mentioned in the table given below:

NVG Principle	Information
Principle 1: Ethics, transparency & accountability	The different policies and documents pertaining to this Principle like Whistle Blower Policy as a part of Vigil Mechanism and the Code of Conduct for Directors, Senior Management Personnel and Employees can be referred on following pages of Company's website at the Web-link: **http://www.mahindrafinance.com/corporate-governance.aspx** **http://www.mahindrafinance.com/fair-practice-code.aspx** **http://www.mahindrafinance.com/pdf/MMFSL_VigilMechanism.pdf** Other Policies can be referred at the Web-link: **http://www.mahindrafinance.com/policies.aspx**
Principle 2: Sustainability in life-cycle of product	Refer to sections named 'Sustainability and Us' and 'Service Performance' in Company's last Sustainability Report on Page Nos. 24-27 and 32-35 available at the web-link: **http://www.mahindrafinance.com/pdf/MM_FSS_SustainabilityReport_2015_16_Final.pdf** Please refer Annual Report on CSR activities available on the web-link: **http://www.mahindrafinance.com/annual-reports.aspx**
Principle 3: Employee well-being	Refer 'Life at Mahindra Finance' section on Company's website at the Web-link: **http://www.mahindrafinance.com/life_mmfsl.aspx** Refer to 'Nurturing Talent' section in Company's last Sustainability Report on Page Nos. 40-48 available at the web-link: **http://www.mahindrafinance.com/pdf/MM_FSS_SustainabilityReport_2015_16_Final.pdf** HR policies are circulated internally to employees on intranet portal.
Principle 4: Stakeholder engagement	Refer to 'Stakeholder Engagement and Materiality' Section in Company's last Sustainability Report on Page Nos. 18-22 available at the web-link: **http://www.mahindrafinance.com/pdf/MM_FSS_SustainabilityReport_2015_16_Final.pdf** Also similar policies can be referred at the web-link: **http://www.mahindrafinance.com/policies.aspx**
Principle 5: Promotion of human rights	Refer to 'Nurturing Talent' section in the Company's last Sustainability Report on Page Nos. 40-41, available at the web-link: **http://www.mahindrafinance.com/pdf/MM_FSS_SustainabilityReport_2015_16_Final.pdf** Please refer Annual Report on CSR activities available on the web-link: **http://www.mahindrafinance.com/annual-reports.aspx** Other HR policies with elements of Human Rights are uploaded on intranet portal.
Principle 6: Environmental protection	Refer to 'Environmental Performance' section in Company's last Sustainability Report on Page Nos. 36-38 available at the web-link: **http://www.mahindrafinance.com/pdf/MM_FSS_SustainabilityReport_2015_16_Final.pdf** Also relevant information can be referred at the web-link: **http://www.mahindrafinance.com/sustainability.aspx**

NVG Principle	Information
Principle 7: Responsible public policy advocacy	Mr. Ramesh Iyer, Vice-Chairman & Managing Director and Mr. V. Ravi, Executive Director & Chief Financial Officer, represent the Company on governing councils, executive committees and various other groups of several trade and industry associations and organizations like Confederation of Indian Industries (CII), Associated Chambers of Commerce and Industry of India (ASSOCHAM), Finance Industry Development Council (FIDC), Federation of Indian Chambers of Commerce and Industry (FICCI) and Bombay Chamber of Commerce and Industry (BCCI). Also the Company's senior management personnel are members of Governing Council of Mahindra Finance Academy. Details regarding the same can be referred in section Public Policy Advocacy on Page No. 17 of the Company's last sustainability report- **http://www.mahindrafinance.com/pdf/MM_FSS_SustainabilityReport_2015_16_Final.pdf**
Principle 8: Inclusive growth	Refer to CSR section on website at the Web-link: **http://www.mahindrafinance.com/csr.aspx** CSR Section in Company's Sustainability Report and Annual Financial Report Refer to 'Social Performance' section in Company's last Sustainability Report on Page Nos. 50-54 available at the Web-link: **http://www.mahindrafinance.com/pdf/MM_FSS_SustainabilityReport_2015_16_Final.pdf** Please refer Annual Report on CSR activities available on the web-link: **http://www.mahindrafinance.com/annual-reports.aspx**
Principle 9: Customer value	Refer Mahindra Finance Website at the web-links: **http://www.mahindrafinance.com/get-a-loan-overview.aspx** **http://www.mahindrafinance.com/invest-with-us-overview.aspx** **http://www.mahindrafinance.com/contact-us.aspx**

(b) If answer to the question at serial number 1 (in table of 2.a) against any principle, is 'No', please explain why: (Tick up to 2 options): Not Applicable

3. GOVERNANCE RELATED TO BR

1	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	Within 3 months
2	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	The Company annually publishes a Sustainability Report based on Global Reporting Initiative (GRI – G4) Guidelines. In the reporting year, the Company released its 4th Sustainability Report for FY 2015-16 with the theme **'Empowering Dreams, Enabling Progress'** based on the Global Reporting Initiative's (GRI) G4 guidelines which highlights its endeavors towards creating a better future. The Sustainability Report for FY 2015-16 can be accessed at the web-link: **http://www.mahindrafinance.com/pdf/MM_FSS_SustainabilityReport_2015_16_Final.pdf**

SECTION E: PRINCIPLE-WISE PERFORMANCE

PRINCIPLE 1

1. **Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

   The Company has defined a Code of Conduct to deter wrongdoings and to promote ethical practices. The Code extends to all dealings with suppliers, customers and other business partners. The Board has established two detailed sets of codes of conduct, one for Board of Directors and other for senior management and employees. The Code of Conduct for Senior Management and Employees forms an integral part of the induction of new employees.

   The Company has established robust business practices and procedures to ensure that it remains fully compliant with mandated regulations and wins the goodwill of all communities it works closely with. It achieves this through sustained efforts and robust business processes that are aimed at attaining the highest standards of corporate governance.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?**

   During the reporting year, 15 complaints were received from the Shareholders, all of which were attended to/resolved till date.

   The Company has different mechanisms for receiving and dealing with complaints from various stakeholders like investors, customers, employees and suppliers etc.

PRINCIPLE 2

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

   The Company addresses the credit requirements of its customers through its unique 'Earn & Pay' business model. The Company provides loans not for consumption, but for income generation. The Company is progressively working to provide a range of financial products and services to its customers through its nationwide distribution network. The Company's multiple businesses are a logical extension of being a facilitator of rural transformation in more ways than one. The Company creates livelihoods, provides shelter, and secures peoples' investments.

   As an integral enabler to livelihoods, the Company inspires the transformation of rural India, by helping people realise their aspirations. While the Company empowers lives of its customers, this also co-creates new opportunities with them to increase business through products portfolio as shared below.

   Vehicle loans: Utility vehicles, tractors, cars, two-wheelers, three-wheelers, commercial vehicles and construction equipment and refinance for used cars.

   SME loans: Equipment Financing, Project Financing and Working Capital Finance.

   Investments and Advisory: The Company helps customers by providing investment advisory services and a wide range of investment products.

   The Company empowers those who reside at the lower end of the social pyramid. The Company's customer base covers farmers located in remote villages of India. The Company has presence in over 3.19 lakh villages and undertakes periodic surveys to understand its customers better. These customers are largely ignored by the conventional banking system, or they are located in under-banked locations. Your Company's customers come from various walks of life, such as small traders, neo-entrepreneurs, teachers, drivers and farmers. Around 80% of its customers belong to the lower-income category and are at the bottom of the income and social pyramid.

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

   The Company operates in financial services sector, therefore this aspect doesn't relate to the nature of its business. However, the Company extensively monitors the energy consumption, GHG emissions and waste generation as a part of the sustainability roadmap. Also, the Company has taken initiatives on energy efficiency and renewable energy. The steps taken on conservation of energy cover installation of Solar UPS in different States and LED Lights in offices in place of CFL.

3. **Does the Company have procedures in place for sustainable sourcing (including transportation)?**

   The Company's major suppliers are small scale vendors and service providers. The Company's nature of business doesn't present opportunities for sustainable sourcing aspect in a holistic way. However, the Company focuses on engaging with local suppliers and giving them preference which helps them in generating and sustaining their business. Also, the Company encourages its suppliers and vendors to adopt sustainable practices.

4. **Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?**

   One of the important factors while selecting suppliers of the Company is proximity to locations where it operates. Since the Company has a pan-India presence and operates across various locations in rural India, it is important to build strong partnerships with the local suppliers.

   In the last reporting year, 100% of the Company's supplies were met through local vendors and service providers. The same is also covered as one of the sustainability performance indicators at Page No. 29 in Company's last Sustainability Report available at the web-link: **http://www.mahindrafinance.com/pdf/MM_FSS_SustainabilityReport_2015_16_Final.pdf**

a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

As a part of Company's continued engagement with local suppliers and through its emphasis on factors like quality, delivery time, etc., service levels of the suppliers have improved. Also, the Company encourages its suppliers to adopt sustainable practices and also appreciates and recognises the good practices followed by them.

5. **Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%)**

Yes. The Company has a mechanism to recycle waste produced during its business operations which majorly comprises of e-waste and stationery waste. The Company has initiated a number of initiatives on recycling of stationery waste at its main locations in India. As the Company progresses on with better monitoring and reporting of this information, such initiatives would be propagated to more locations in the coming year.

The Company disposes the hazardous waste materials (e-waste) through authorised agencies as per the applicable laws pertaining to E-Waste. 100% of hazardous waste from all major locations for the previous year was disposed off responsibly.

The non-hazardous waste is managed with the help of local vendors. Approximately 41 Tons of paper was saved in last financial year, by using of recycled paper to make boxes which saves Virgin Paper and secondly, by pulping of paper that is generated through old record destruction. These initiatives have been undertaken in collaboration with Record Management Companies.

PRINCIPLE 3

1. **Please indicate the Total number of employees**

	No. of employees
Permanent employees	15,109

2. **Please indicate the Total number of employees hired on temporary/contractual/casual basis**

	No. of employees
Temporary/Contractual/ Casual employees	2,932

3. **Please indicate the Number of permanent women employees**

721

4. **Please indicate the Number of permanent employees with disabilities**

24

5. **Do you have an employee association that is recognized by management?**

The Company does not have recognised Employee Association/Labour Unions.

6. **What percentage of your permanent employees is members of this recognized employee association?**

This aspect is not applicable as employees of the Company are not members of any recognized association.

7. **Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

S.No.	Category	No of complaints filed during the financial year	No of complaints pending as at the end of the financial year
1	Child labour/forced labour/involuntary labour	NIL	NIL
2	Sexual harassment	3	NIL
3	Discriminatory employment	NIL	NIL

8. **What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

The Company's talent management team conducts various learning and development programmes each year to nurture talent amongst the employees. The average training hours accounted to 7.22 mandays per person in FY 2016-17 for employees under different programs like:

Safety:

- **Overall Safety –** As a part of the Company's initiative under the theme of "Suraksha Abhiyaan" classroom training programs were conducted at different locations and theoretical as well as practical training was imparted to the participants covering basic safety aspects like - hazard identification, mock drill, emergency evacuation, operating fire extinguishers, first aid, etc.
- **Road Safety –** In order to encourage safe driving practices amongst its employees, the Company has launched Road Safety e-learning program which covers basic safety aspect employees should be cautious of while driving vehicles. The program was launched pan-India and was driven with rigor across locations.

- **Health & Wellness –** As a focus towards health and wellbeing of its employees, the Company conducts regular health check-up and awareness sessions under the theme of 'Aarogya' program. Total 118 Programs were conducted in FY 2016-17.

Skill Up-gradation:

- **Drona Induction Program –** Through this program training is imparted to employees to perfect their functional skills as well as behavioral skills. The Company empowers them to use imagination, develop creative solution, remain flexible and motivate others to turn their ideas into results that make a difference to our business.

- **Project Arjuna –** Through Project Arjuna ,the organisation identifies high performers and high potential employees in the Operational Band. A Formal Career Conversation is done with the arjunas where their personal development Plans are captured in consultation with his/her reporting manager. Accordingly, various interventions and training are provided to them.

- **Career Advancement Plan (CAP) –** through CAP, the Company provides an opportunity to its employees working in the capacity of office boys, cashiers, etc. to leverage their potential to scale up the ladder.

- **Think Tank –** This program encourages Alternative Thinking and gives an opportunity to the young talent in the organisation to work on strategic projects sponsored by the senior management.

- **Mahindra Finance Academy –** This platform provides different kinds of certifications related to financial services to aspirants.

- **Chanakya –** The program helps develop high performing, high potential talent through a blend of various educational, vocational, general management and specialised platforms of national and international repute.

- **Manthan –** A mentorship programme for high potential employees. It connects employees to mentors in the organisation who guide, support and encourage them to perform better.

- **Chakravyu –** Formulated for high-performing managers of the Company, Chakravyu is a program that helps individuals develop a strong resolve to challenge conventions and stoke their spirit of Alternative Thinking. This three stage workshop includes Awareness, Practice and Application phases giving a holistic learning to participants.

- **Vyaas e-Learning Management (VeLM) –** Through this e-learning management system the Company has leveraged technology based platform to train employees on different business processes.

The Company has kept focus on hiring local talent in regions it operates and builds on their skill sets to do well in organisation and accelerate in their professional careers.

Percentage of employees covered as a part of different safety & skill up-gradation training in the last year are given below:

• Permanent Employees	78.32 % were covered as a part of training programs
• Permanent Women Employees	53.11% were covered as a part of training programs
• Casual/Temporary/ Contractual Employees	Company does not measure this metric
• Employees with Disabilities	Company does not measure this metric

PRINCIPLE 4

1. **Has the Company mapped its internal and external stakeholders? Yes/No**

   The Company has mapped its key stakeholders. The internal stakeholders are constituted by the employees whereas the external stakeholders are Customers, Dealers/ Original Equipment Manufacturers (OEMs), Shareholders, Regulators, Lenders and the Investors Community.

   Also, your Company's approach towards stakeholder engagement is detailed in its Sustainability Report. Refer to 'Stakeholder Engagement and Materiality' Section in Company's last Sustainability Report on Page Nos. 18-22 available at the Web-link: http://www.mahindrafinance.com/pdf/MM_FSS_SustainabilityReport_2015_16_Final.pdf

2. **Out of the above, has the Company identified the disadvantaged, vulnerable & marginalised stakeholders?**

   The Company has a CSR Committee and Sustainability Council which develops the roadmap and action plan considering expectations of different stakeholders including those which need support on multiple fronts. This includes customers and the communities which are positioned at the bottom of income and social pyramid. The Company mobilises resources to implement various programs for upliftment of these stakeholders.

3. **Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.**

   The Company has taken up a number of initiatives for meeting the expectations of different stakeholders. Variety of projects are initiated under themes of healthcare, education, livelihood for youth and women to engage the beneficiaries and stakeholders. The details of the programs can be found under the CSR section of Company's

Sustainability Report and Annual Report on CSR activities available on the web-link: **http://www.mahindrafinance.com/annual-reports.aspx**

Kindly Refer to Social Performance Section in the Company's previous Sustainability Report on Page Nos. 50-54 available at the web-link: **http://www.mahindrafinance.com/pdf/MM_FSS_SustainabilityReport_2015_16_Final.pdf**

PRINCIPLE 5

1. **Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

   The policy and approach of the organisation pertaining to Human Rights extends to different stakeholders including shareholders, investors, suppliers, customers and other business partners. The Company believes human rights are indivisible and non-negotiable. 'Dignity of the Individual' is one of the five core values of Mahindra Finance. Discrimination, forced and compulsory labour and child labour are strictly prohibited. The Company also denounces the bribery or corruption in any form and the Company's processes ensure that such practices are strictly discouraged at all levels. The Company's Human Resources department implements norms, policies and initiatives for all to imbibe and align to a common approach, which fosters a transparent, fair and growth-oriented work culture. The Company has already implemented an appropriate policy for employees to facilitate the prevention of sexual harassment, which inter alia, sensitises all employees who are part of Company's redressal mechanism and ensures that protection is offered to them by the Company. As a part of the Mahindra group, the Company adheres to the principles on human rights and labour standards set forth by the UN Global Compact:

   - **Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights;
   - **Principle 2:** Ensure that businesses are not complicit in human rights abuses;
   - **Principle 4:** The elimination of all forms of forced and compulsory labour;
   - **Principle 5:** The effective abolition of child labour;
   - **Principle 6:** The elimination of discrimination in respect of employment and occupation;
   - **Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.

   In addition to the BR Policy which covers the dimensions of Human Right, the Company has also formulated an internal policy in relation to Human rights in economic decision making process based on Mahindra Group's approach on the similar front.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

   None with respect to Human Rights.

   Elements of Human Rights get covered in various policies and practices at the Company. Complaints pertaining to employee wellbeing that covers different aspects of Human Rights are disclosed in Point No. 7 of Principle 2 above.

PRINCIPLE 6

1. **Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others**

   Yes. The Company's policy related to environmental protection as applicable for Financial Services Industry covers different sets of stakeholders. The E-waste management policy which is important to the organisation has coverage and applicability to its business partners involved in the process. The Company endeavours to integrate environmental constructs into management decision-making process. Improving eco-efficiency of Company's operations has been a part of its sustainability road map. Digitization of Company's operating procedures, products and processes has been a key initiative, which not only helps in cutting down on paper consumption but also helps to lower the carbon emissions. Compliance with laws and regulations relating to the environment has always been ensured in letter and spirit. Your Company has been reporting environmental performance in terms of absolute and specific consumption. The specific consumption is calculated by dividing the absolute consumption by the number of employees.

   Also, the Company has been listed on the Dow Jones Sustainability Index (DJSI) Emerging Market Trends for the 4th consecutive year. MMFSL is the only company, from amongst the Diversified Financial Services Companies in India, to have made it to this list. To be incorporated in the DJSI, companies are assessed and selected based on their long term Environmental Social Governance (ESG) asset management plans. Also, MMFSL got included in The Sustainability Yearbook 2017 being the only Financial Services Sector Company amongst 6 companies from India to qualify. This signifies MMFSL being amongst the top Sustainability performers in Diversified Financial Services Sector in the World based on Corporate Sustainability Assessment done by RobecoSAM.

   The Company's approach has been to make environmental disclosures transparent, and accordingly, it has been reporting disclosures and reports on its performance through the Carbon Disclosure Project (CDP) India 200 since FY 2011-12. During the reporting year, MMFSL achieved CDP Performance Band - B for the first time and this affirms that the Company is taking coordinated action on climate change issues.

Also, the Company adheres to a group wide environment policy which is revised according to its operations considering the Company being in the banking and financial services sector.

2. **Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

The Company has undertaken various environmental initiatives that reduce emission of GHG gases in the atmosphere that contributes to the phenomena of global warming and climate change. Details of all the initiatives are available in the environment performance section of the sustainability report and also shared below. kindly refer the Page Nos. 37-38 of Company's last sustainability report available at the web-link: **http://www.mahindrafinance.com/pdf/MM_FSS_SustainabilityReport_2015_16_Final.pdf**

Conservation of Energy – Operations of the Company are not energy intensive. However, adequate measures have been initiated to reduce energy consumption. The steps taken on conservation of energy are shared below:

- Installation of solar UPS in different States.
- Replacement of conventional lighting with Light Emitting Diode (LED) lighting.

Paperless Productivity – Being a financial services institution, paper is a major resource consumed at Company's offices. In an effort to reduce its consumption, the Company has undertaken various initiatives to eliminate paper usage. Some of these initiatives are:

- The Personal Loan Application Processing (PLAP) that facilitates the capturing of personal loan enquiries at source and at every stage till approval/rejection of the application, thereby completely bypassing the use of paper-based stationery.
- Conveyance Claim Module is an integrated module to process conveyance reimbursement payments to the field force. It maintains MIS on productivity, efficiency and performance comparison in a given period of time for approving authority. It is a completely paperless process that even frees the field force from the need to maintain manual records.
- Receivables Management System in the Company has migrated to online platform and is accessible to users at any time and at any place. Also, the entire process is operational on e-platform which is completely paperless.

E-waste Management – The Company has taken a proactive approach towards handling its electronic waste. Your Company has empanelled authorised third party e-waste handlers for disposal of e-waste from its locations across India. In FY 2016-17, the Company has disposed approximately 5 Tons of e-waste which included desktops, laptops, hardware, etc.

Leveraging technology to reduce business travel

Your Company has enhanced its efforts to use video conference and tele-conference facilities. This has reduced the need for business travel and has resulted in decreased scope 3 emissions. Your Company has installed video conference facility at 30 of its major locations of operation. This has reduced travels of employees and has contributed in reduction in travel cost and saving of time as well.

Project Hariyali

Project Hariyali has been the Company's endeavour towards nurturing biodiversity. During the FY 16-17, your Company has planted 1,05,951 trees.

3. **Does the Company identify and assess potential environmental risks? Y/N**

The Company is cognizant that the human-induced climate change has become an important factor for the financial sector. The multitude of impacts from climate change include scarcity of natural resources, their escalating prices, enhanced transportation costs, additional insurance covers and expenditure on risk mitigation. Historically, the financial services sector has been involved in the management of climate variability through its provision of credit for seasonal cycles of agriculture, selection of suitable investment opportunities, and insurance against natural disasters.

4. **Does the Company have any project related to Clean Development Mechanism (CDM)? If Yes, whether any environmental compliance report is filed?**

No, because of the nature of the Company's business being service based, feasibility of undertaking a CDM project is very limited.

5. **Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

Yes. The Company has taken initiatives on energy efficiency and renewable energy. The steps taken on conservation of energy cover installation of Solar UPS in different States and Replacement of conventional lighting with Light Emitting Diode (LED) lighting.

The Company has installed solar powered UPS in various branches, which experience power shortages. At present, the Company has installed 175 KVA of solar capacity across 62 different locations. Details about the project are available in the environment performance section of the last sustainability report on Page Nos. 37-38 at the web-link: **www.mahindrafinance.com/sustainability.aspx**

6. **Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

The Company, being a financial services sector Company doesn't fall under the purview of CPCB/SPCB. However the Company monitors various aspects like energy consumption, water consumption, paper consumption, cartridges and toner usage, wastes generated and GHG emissions (details are available in sustainability report at the web-link: **http://www.mahindrafinance.com/pdf/MM_FSS_SustainabilityReport_2015_16_Final.pdf**). Your Company under various initiatives, is constantly in pursuit of reducing its carbon footprint and waste generation.

7. **Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

   Not applicable as the operations of your Company do not come under the purview and regulations of these government bodies. Your Company is compliant with all applicable laws pertaining to its business.

PRINCIPLE 7

1. **Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with**

   The Company has been a prominent member of Confederation of Indian Industries (CII), Associated Finance Industry Development Council (FIDC), and Bombay Chamber of Commerce and Industry (BCCI).

   Also, the Company has been associated with other industry bodies like – Chambers of Commerce and Industry of India (ASSOCHAM), and Federation of Indian Chambers of Commerce and Industry (FICCI).

   In addition to these, the Vice-Chairman and Managing Director – Mr. Ramesh Iyer and Executive Director & Chief Financial Officer – Mr. V. Ravi are part of different committees and forums of various chambers, associations and educational institutes.

   Further details regarding the same can be referred in section 'Public Policy Advocacy' on page no. 17 of Company's last Sustainability Report available at the web-link: **http://www.mahindrafinance.com/pdf/MM_FSS_SustainabilityReport_2015_16_Final.pdf**

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

   Yes. The Company's senior management has suggested improvements in governance and administration processes, policy assistance and advocacy to government and industry bodies on automobile and financial services sector through various industry associations and forums.

PRINCIPLE 8

1. **Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

   The Company's CSR mission is in line with the business mission – "Driving positive impact in communities". Through constant and collaborative interactions with stakeholders, the Company strives to become an asset in the communities where it operates. Your Company's Corporate Social Responsibility (CSR) initiatives are focused towards empowering lives across the country with focus on three thrust areas of education, healthcare and environment. The Company aims to transform rural India, which is self-sustaining and encourages growth-oriented communities.

   The Company has embarked on various initiatives under corporate social responsibility to promote inclusive growth and equitable development.

   The Corporate Social Responsibility Committee ('CSR Committee' – Board level) is responsible to formulate, monitor, and review various policies and programs falling within the purview of the Schedule VII of the Companies Act, 2013 and mobilize resources for adherence with the same.

   Please refer the Annual Report on CSR activities available on the web-link: **http://www.mahindrafinance.com/annual-reports.aspx**

   Kindly refer the Social Performance Section in the Company's last Sustainability Report on Page Nos. 50-54 available at the web-link: **http://www.mahindrafinance.com/pdf/MM_FSS_SustainabilityReport_2015_16_Final.pdf**

   Also, details can be referred on the Company's website:

   - CSR Section – **http://www.mahindrafinance.com/csr.aspx**
   - Sustainability Section – **http://www.mahindrafinance.com/sustainability.aspx**

2. **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?**

   The Company has undertaken a wide variety of community based initiatives, through its corporate social responsibility team. The implementation of different projects is done by various in-house and external agencies. Details on these aspects can be found in the Annual Report on CSR activities and in the sustainability report.

   Please refer Annual Report on CSR activities available on the web-link: **http://www.mahindrafinance.com/annual-reports.aspx**

   Kindly refer Social Performance Section in Company's last Sustainability Report on Page Nos. 50-54 available at the web-link: **http://www.mahindrafinance.com/pdf/MM_FSS_SustainabilityReport_2015_16_Final.pdf**

   Also, details can be referred on your Company's website:

   - CSR Section – **http://www.mahindrafinance.com/csr.aspx**
   - Sustainability Section – **http://www.mahindrafinance.com/sustainability.aspx**

3. **Have you done any impact assessment of your initiative?**

   The Company has a process for undertaking the impact assessment for its key CSR interventions by engaging external partner. The Company follows the process which covers need assessment, project designing, project implementation and endline assessment.

4. **What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?**

   Your Company contributed INR 3,047.53 lakhs, majorly in areas of Education, Health and Environment which are Company's CSR focus areas.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

   The Company is constantly taking steps towards 'Driving positive impact in communities' within which it operates. Some of the Company's initiatives and interventions in three focus areas of education, health and environment are shared briefly below.

   Health – The Company is making efforts towards promoting health care including preventive health care and sanitation and making safe drinking water available. Also, your Company has taken up Medical Equipment and Ambulance Donation program along with organising health check-up camps and blood donation drives across various locations in India.

   Education – The Company provided educational support to the underprivileged students from poor, remote rural and conflict afflicted communities across India. The Company distributed scholarships to undergraduate and graduate students as part of Mahindra Finance Scholarship Program. As a part of efforts towards education, the Company imparted vocational training and financial literacy amongst school students. Also, the Company's projects focused on empowering youth and women from socially and economically disadvantaged sections of society by providing them with livelihood training which enables them to gain employment based on their skills.

   Environment – Project 'Hariyali' has been the Company's endeavour towards nurturing biodiversity and increasing green-cover. During the FY 16-17, your Company planted 1,05,951 trees. To maintain the sustainability of these saplings, your Company also conducted tree plantation drives in the colleges/schools/orphanage premises where the community feels responsible and nurtures the saplings.

PRINCIPLE 9

1. **What percentage of customer complaints/consumer cases are pending as on the end of financial year.**

   Customer complaints are treated very seriously in the organisation. Of the total complaints 2.04% are pending at the end of the year.

2. **Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information)**

   Since the Company is not into manufacturing of products, the aspects pertaining to product labelling are not applicable to its service offerings directly to customer/consumers. As the Company is a service based organisation, India's linguistic diversity is a challenge. To overcome this barrier the Company employs multilingual teams, comprising of locals people. The Company's website is bilingual and provides information to its audience in Hindi and English. The Company's employees educate its customers about the loan products they avail and thus, build deeper partnerships with them. The Company thrusts on engaging and hiring local people as a part of its workforce in order to have a better customer sensitivity and understanding. Creating a local connect in areas it operates helps the Company understand needs and expectations of people based in rural part of India and enables it to offer better services that meets customer requirements.

   The Company believes that effective communication is vital to avoid any kind of misrepresentation, incorrect statements or misleading impressions. Your Company has fully-integrated systems in place and conforms to all laws and standards related to marketing communication, advertising, promotion and sponsorship. The Company's website contains all requisite information, and along with that, its communication approach has also transformed with time. Besides this, the Company undertakes a number of initiatives to communicate with its customers, knowing the lack of financial knowledge in most Indian villages. The Company's customer communication initiatives like 'Sparsh' and 'Shikhar Sammelan' have generated commendable response.

3. **Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of Financial Year**

   No

4. **Did your Company carry out any consumer survey/ consumer satisfaction trends?**

   The Company monitors customer satisfaction through CaPS Survey. Customer feedback and satisfaction with the services are recorded in the form of CaPS scores, and this feedback is utilised to create new action plans for the improvement of the Company's products and services. Embracing social media marketing is one such change to not just promote its services, but also receive customer feedback on the same. your Company's CaPS score was 63 in the last Financial year. Any organisation's score above 50 is considered exceptional based on this methodology.

ANNEXURE III TO THE BOARD'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2017

Annual Report on Corporate Social Responsibility Activities as prescribed under Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:

CSR Policy

At Mahindra & Mahindra Financial Services Limited (MMFSL or 'the Company') we sincerely believe that the actions of the organization and its community are highly inter-dependent. Both on its own and as part of the Mahindra Group, through constant and collaborative interactions with all external stakeholders, MMFSL strives to become an asset in the communities where it operates. As part of our Corporate Social Responsibility (CSR), we actively implement Projects and initiatives for the betterment of society, communities, and the environment.

Your Company has identified Healthcare, Education and Environment as key CSR thrust areas and is engaged in a number of CSR initiatives directed at Community Development, Employability Enhancement and Environment Sustenance.

The CSR Policy and details of the projects undertaken by the Company are available at the web-link: **http://www.mahindrafinance.com/csr.aspx.**

2. The Composition of the CSR Committee: Mr. Piyush Mankad (Chairman), Mr. Ramesh Iyer, Mr. V. Ravi and Dr. Anish Shah.

3. Average net profit of the Company for last three Financial Years: Rs. 1,52,101.83 Lakhs

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): Rs. 3,042.04 Lakhs

5. Details of CSR spent during the financial year.

(a) Total amount spent for the financial year: Rs. 3,047.53 Lakhs

(b) Amount unspent, if any: NIL

(c) Manner in which the amount spent during the Financial Year is detailed below:

Statement of CSR activities and expenditure in the Financial Year 2016-17

Rs. in Lakhs

1	2	3	4	5	6		7	8
Sl. No.	CSR Project or Activity identified	Sector in which the Project is covered (Refer Note)	Projects or programs (1) Local Area or other (2) Specify the state or district where projects or programs were undertaken	Amount outlay (Budget) projects or programs wise	Amount spent on the project or programs		Cumulative expenditure upto the reporting period	Amount spent: Directly or Through Implementing Agency
					Direct expenditure on programs or projects	Overheads		
1	Supporting the PM's clean India campaign by spreading awareness about Swacch Bharat Abhiyan and partnering with Indian Sanitation Coalition (ISC) to drive sustainable sanitation through a partnership mode	(i)	pan-India	17.51	17.51	0.00	17.51	Self-Implemented, Collective Good Foundation
2	Improving health conditions and medical facilities in various villages across the nation by organising blood donation camps, eye check-up camps, health camps and also by providing medical aid	(i)	Anantapur, Hyderabad, Kurnool, Visakhapatnam, Karimnagar, Warangal, Vijayawada, Tirupati (Telangana & Andhra Pradesh), Guwahati, Dibrugarh (Assam), Shillong (Meghalaya), Muzaffarpur, Patna, Purnea (Bihar), Delhi (Delhi), Rajkot (Gujarat), Yamunanagar (Haryana), Kishtwar (Jammu & Kashmir), Shimla (Himachal Pradesh), Gomia, Ranchi, Dhanbad (Jharkhand), Bijapur, Belgaum, Bengaluru, Shimoga, Hubli, Bidar, Mangalore, Gulbarga (Karnataka), Thrissur, Cochin (Kerala), Mumbai, Dindori, Pune, Chandrapur, Nasik, Latur, Kolhapur, Thane, Nagpur (Maharashtra), Satna, Bhopal, Gwalior (Madhya Pradesh), Bhubaneswar (Odisha), Patiala (Punjab), Bikaner, Kota, Jodhpur, Nagaur, Udaipur (Rajasthan), Chennai, Coimbatore, Vellore, Trichy, Salem (Tamil Nadu), Agra, Lucknow, Kanpur, Varanasi, Faizabad, Gorakhpur, Allahabad (Uttar Pradesh), Dehradun, Haridwar (Uttarakhand), Kalchini, Malda, Kolkata, Asansol, Siliguri (West Bengal)	263.22	263.22	0.00	263.22	Self-Implemented, Think Foundation, Genesis Foundation, Family Planning Association of India, Indian Development Foundation, Brindaban Seva Sangham, Siddhivinayak Charitable Trust, Sri Shanmukhananda Fine Arts & Sangeetha Sabha, Nair Charitable Hospital Department Development Foundation
3	Promoting access to healthcare for marginalized populations by providing ambulances	(i)	Nasik & Jalna (Maharashtra), Bilaspur (Chhattisgarh), Indore (Madhya Pradesh), Khordha (Odisha), Murshidabad (West Bengal), Patna (Bihar), Ranchi (Jharkhand), Vijayawada (Andhra Pradesh), Tirunelveli (Tamil Nadu), Palakkad (Kerala), Kodagu (Karnataka), Banswara and Sri Ganganagar (Rajasthan)	90.50	90.50	0.00	90.50	Maratha Vidya Prasarak Samaj Nasik, Jalna Vaidyakiya Seva Pratisthan, Jan Swasthya Sahyog, Geeta Bhavan Trust, Gram-Utthan, Indian Society of Healthcare Professionals, Indian Red Cross Society Bihar State Branch, Ramakrishna Mission, Seva Bharathi, Swami Sivandan Memorial Trust, Swami Vivekananda Medical Mission, Sree Katoor Narayan Nambiar Memorial Education & Charitable Trust, Wagar Seva Sansthan Trust, Tapovan Trust
4	Supporting education of underprivileged girls through project 'Nanhi Kali'	(ii)	Kolkata (West Bengal), Moga (Punjab), Nasik & Mumbai (Maharashtra), Barabanki (Uttar Pradesh), Ratlam (Madhya Pradesh)	405.12	405.12	0.00	405.12	K.C. Mahindra Education Trust
5	Enhancing the state of educational institutions by providing necessary infrastructure to schools and books, stationery & other relevant material to underprivileged children	(ii)	Kurnool (Andhra Pradesh), Guwahati (Assam), Muzaffarpur (Bihar), Gurgaon, Shakarpur (Delhi), Bengaluru (Karnataka), Cochin, Perumbalam, Arookutty, Attingal, Calicut, Trivandrum, Kannur (Kerala), Jalgaon, Nasik, Nagpur, Aurangabad, Osmanabad (Maharashtra), Indore, Satna (Madhya Pradesh), Jodhpur, Udaipur, Nagaur, Sikar (Rajasthan), Madurai, Vellore (Tamil Nadu), Lucknow (Uttar Pradesh), Darjeeling (West Bengal)	99.72	99.72	0.00	99.72	Self-Implemented, Bombay Round Table No. 2 Charitable Trust, Tata-Dhan Academy, Sree Narayana Mandira Samiti, Shree Hariharputra Bhajan Samaj, Nanha Tara Welfare Foundation, Namasankeerthana, G.S.B. Seva Mandal, Sambhav Foundation, Prime Education Health Learning Services, Jnana Prabodhini Solapur, Rotary Borivali East Foundation, Think Foundation, Saraswatam, Naandi Foundation

Rs. in Lakhs

1	2	3	4	5	6		7	8
Sl. No.	**CSR Project or Activity identified**	**Sector in which the Project is covered (Refer Note)**	**Projects or programs (1) Local Area or other (2) Specify the state or district where projects or programs were undertaken**	**Amount outlay (Budget) projects or programs wise**	**Amount spent on the project or programs**		**Cumulative expenditure upto the reporting period**	**Amount spent: Directly or Through Implementing Agency**
					Direct expenditure on programs or projects	**Overheads**		
6	Empowering socially & economically disadvantaged youth by providing intensive training in ITES, Retail and Hospitality in Mahindra Pride School	(ii)	Pune (Maharashtra), Chennai (Tamil Nadu) and Patna (Bihar)	1,060.00	1,060.00	0.00	1,060.00	K.C. Mahindra Education Trust
7	Sensitising community on cashless methods of transaction and Educating school children on the importance of personal finance management	(ii)	Maharashtra, Gujarat, Rajasthan, Madhya Pradesh, Chhattisgarh, Tamil Nadu, Andhra Pradesh, Karnataka, West Bengal, Odisha	40.20	40.20	0.00	40.20	Mahindra Foundation
8	Increasing employability of youth and women by imparting knowledge on financial skills and driver training, respectively	(ii)	Mumbai, Palghar (Maharashtra), Lucknow (Uttar Pradesh), Indore, Bhopal (Madhya Pradesh), Bengaluru (Karnataka), Ahmedabad (Gujarat), Muzaffarpur, Patna (Bihar), Delhi (Delhi), Khunti (Jharkhand), Chandigarh (Punjab), Vijayawada (Andhra Pradesh)	166.76	166.76	0.00	166.76	Mahendra Foundation Trust, Azad Foundation, Sri Sathya Sai Books and Publications Trust, Udyogini, Torpa Rural Development Society for Women, Nidan, Association for Non-traditional Employment for Women
9	Encouraging continued education of school going children, undergraduates and post-graduates by providing need based scholarship	(ii)	Hyderabad, Kurnool, Vijayawada, Visakhapatnam & Warangal (Telangana & Andhra Pradesh), Patna (Bihar), Delhi & Delhi NCR (Delhi), Ahmedabad, Palanpur (Gujarat), Raipur (Chhattisgarh), Shimla (Himachal Pradesh), Jammu (Jammu and Kashmir), Ranchi (Jharkhand), Bengaluru, Gulbarga, Hubli, Mangalore (Karnataka), Calicut Region, Cochin, Trivandrum (Kerala), Aurangabad, Pune, Nagpur, Nasik, Thane (Maharashtra), Bhopal, Gwalior, Indore, Jabalpur (Madhya Pradesh), Bhubaneswar (Odisha), Jalandhar, Hoshiyarpur (Punjab), Bikaner, Jaipur, Jodhpur, Kota, Udaipur (Rajasthan), Chennai, Coimbatore, Trichy (Tamil Nadu), Allahabad, Varanasi, Faizabad, Meerut (Uttar Pradesh), Siliguri, Kolkata, Malda (West Bengal)	390.60	390.60	0.00	390.60	K.C. Mahindra Education Trust, Sambhav Foundation, Mahindra Foundation
10	Supporting old age homes, orphanages and differently abled homes	(iii)	Warangal (Andhra Pradesh), Palanpur (Gujarat), Karnal (Haryana), Ranchi (Jharkhand), Mangalore (Karnataka), Bhopal, Jabalpur, Ratlam (Madhya Pradesh), Kolhapur, Aurangabad, Palghar, Mumbai (Maharashtra), Bhubaneswar (Odisha), Patiala (Punjab), Jaipur (Rajasthan), Coimbatore (Tamil Nadu), Faizabad (Uttar Pradesh), Ranaghat (West Bengal)	21.31	21.31	0.00	21.31	Self-Implemented, Desire Society, Indian Association For Women's Studies, Vatsalya Foundation, Anand Vruddhashram Seva Trust
11	Aiding environmental conservation and restoration programs such as tree plantation, rain water harvesting & watershed management	(iv)	pan-India	102.68	102.68	0.00	102.68	Self-Implemented, Maharogi Sewa Samiti (Anandvan), Bombay Chamber of Commerce & Industry, International Association for Human Values, Dindayal Bahuddeshiya Prasarak Mandal, Vibhavari, Paryavaran Dakshata Mandal and various local NGOs & Trusts
12	Providing financial support to various organisations that preserve and promote the fine arts and culture	(v)	Mumbai (Maharashtra), Amritsar (Punjab)	9.25	9.25	0.00	9.25	Nritodaya, The Teamwork Fine Arts Society, Anjali Bharat Natyam Research Trust, Dharmishta Mitran & Rasika Rajani Sabha, The Fine Arts Society

Rs. in Lakhs

1	2	3	4	5	6		7	8
Sl. No.	CSR Project or Activity identified	Sector in which the Project is covered (Refer Note)	Projects or programs (1) Local Area or other (2) Specify the state or district where projects or programs were undertaken	Amount outlay (Budget) projects or programs wise	Amount spent on the project or programs		Cumulative expenditure upto the reporting period	Amount spent: Directly or Through Implementing Agency
					Direct expenditure on programs or projects	Overheads		
13	A sustainable agriculture farming program to ensure prosperity of farmers in drought prone area of Maharashtra	(x)	Wardha (Maharashtra)	332.00	332.00	0.00	332.00	Naandi Foundation
14	CSR Administrative Expenses	Over heads	Bengaluru (Karnataka), Mumbai (Maharashtra)	48.66	0.00	48.66	48.66	
	Total			3,047.53	2,998.87	48.66	3,047.53	

Note :

(i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.

(ii) Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects.

(iii) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.

(iv) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund setup by the Central Government for rejuvenation of river Ganga.

(v) Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts.

(x) Rural development projects.

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board's Report: Not Applicable.

7. The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

For Mahindra & Mahindra Financial Services Limited

For and on behalf of the Corporate Social Responsibility Committee of Mahindra & Mahindra Financial Services Limited

Ramesh Iyer
Vice-Chairman & Managing Director

Piyush Mankad
Chairman
Corporate Social Responsibility Committee

Place : Mumbai
Date : 25th April, 2017

ANNEXURE IV TO THE BOARD'S 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:

CIN	L65921MH1991PLC059642
Registration Date	01/01/1991
Name of the Company	Mahindra & Mahindra Financial Services Limited
Category/Sub-Category of the Company	Public Company/Limited by Shares
Address of the Registered Office and contact details	Gateway Building, Apollo Bunder, Mumbai- 400 001. Tel. : +91 22 2289 5500; Fax : +91 22 2287 5485 Email: investorhelpline_mmfsl@mahindra.com Website: www.mahindrafinance.com
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited Unit: Mahindra & Mahindra Financial Services Limited Karvy Selenium, Tower B, Plot No 31 - 32 Gachibowli, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500 032 Email : einward.ris@karvy.com Tel. : 040-6716 2222 Fax : 040-2300 1153 Toll Free No. : 1800 345 4001

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products/services	NIC Code of the Product/Service	% to total turnover of the Company
1	Asset Financing	64990	92.94%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Mahindra & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai – 400 001.	L65990MH1945PLC004558	Holding Company	51.20%	Section 2(46)
2.	Mahindra Insurance Brokers Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018.	U65990MH1987PLC042609	Subsidiary Company	85.00%	Section 2(87)(ii)
3.	Mahindra Rural Housing Finance Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018.	U65922MH2007PLC169791	Subsidiary Company	87.50%	Section 2(87)(ii)

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
4.	Mahindra Asset Management Company Private Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018.	U65900MH2013PTC244758	Subsidiary Company	100.00%	Section 2(87)(ii)
5.	Mahindra Trustee Company Private Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018.	U67100MH2013PTC245464	Subsidiary Company	100.00%	Section 2(87)(ii)
6.	Mahindra Finance USA LLC Corporate Service Company, 2711 Centerville Road, Suite 400, Wilmington, New Castle County, Delaware 19808.	–	Associate Company	49.00%	Section 2(6)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

(i) Category-wise Shareholding

Category of shareholders	No. of Shares held at the beginning of the year (As on 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	0	0	0	0.00	0	0	0	0.00	0.00
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corporate	29,12,07,660	0	29,12,07,660	51.20	29,12,07,660	0	29,12,07,660	51.20	0.00
e) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any Other (MMFSL ESOP Trust)	41,63,582	0	41,63,582	0.73	37,23,298	0	37,23,298	0.65	–0.08
Sub-total (A)(1)	**29,53,71,242**	**0**	**29,53,71,242**	**51.93**	**29,49,30,958**	**0**	**29,49,30,958**	**51.85**	**–0.08**
2. Foreign									
a) NRIs-Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other – Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
d) Bank/FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A)(2)	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	**29,53,71,242**	**0**	**29,53,71,242**	**51.93**	**29,49,30,958**	**0**	**29,49,30,958**	**51.85**	**–0.08**

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. PUBLIC SHAREHOLDING									
1. Institutions									
a) Mutual Funds	4,41,36,968	0	4,41,36,968	7.76	5,35,13,071	0	5,35,13,071	9.41	1.65
b) Banks/FI	63,30,301	0	63,30,301	1.11	66,85,035	0	66,85,035	1.17	0.06
c) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	18,55,000	0	18,55,000	0.33	18,55,000	0	18,55,000	0.33	0.00
f) Insurance Companies	20,28,550	0	20,28,550	0.36	51,26,423	0	51,26,423	0.90	0.54
g) FIIs	19,14,64,366	0	19,14,64,366	33.66	17,28,77,428	0	17,28,77,428	30.40	–3.26
h) Foreign Venture Capital Fund	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total (B)(1)	24,58,15,185	0	24,58,15,185	43.22	24,00,56,957	0	24,00,56,957	42.21	–1.01
2. Non-Institutions									
a) Bodies Corporate									
i) Indian	42,44,560	1,72,490	44,17,050	0.78	80,91,439	1,72,490	82,63,929	1.45	0.67
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	1,40,45,977	5,02,360	1,45,48,337	2.56	1,49,57,736	4,88,233	1,54,45,969	2.72	0.16
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	57,07,629	2,85,710	59,93,339	1.05	61,41,061	2,85,710	64,26,771	1.13	0.08
c) Others (specify)									
Clearing Members	6,29,580	0	6,29,580	0.11	16,25,391	0	16,25,391	0.29	0.18
Non Resident Indians	11,30,036	0	11,30,036	0.20	12,11,823	0	12,11,823	0.21	0.01
Trusts	8,60,191	0	8,60,191	0.15	8,03,162	0	8,03,162	0.14	-0.01
d) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B)(2)	2,66,17,973	9,60,560	2,75,78,533	4.85	3,28,30,612	9,46,433	3,37,77,045	5.94	1.09
Total Public Shareholding (B)=(B)(1)+(B)(2)	27,24,33,158	9,60,560	27,33,93,718	48.07	27,28,87,569	9,46,433	27,38,34,002	48.15	0.08
C. SHARES HELD BY CUSTODIAN FOR GDRS & ADRS	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	56,78,04,400	9,60,560	56,87,64,960	100.00	56,78,18,527	9,46,433	56,87,64,960	100.00	0.00

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	No. of Shares held at the beginning of the year (As on 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	29,12,07,660	51.20	0	29,12,07,660	51.20	0	0.00
2.	Mahindra & Mahindra Financial Services Limited Employees' Stock Option Trust-Consolidated with other DP	41,63,582	0.73	0	37,23,298	0.65	0	–0.08
	Total	29,53,71,242	51.93	0	29,49,30,958	51.85	0	–0.08

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

Sl. No.	Shareholder's Name	Shareholding 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)	
		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	29,12,07,660	51.20	29,12,07,660	51.20
	Date wise Increase/Decrease in Promoters' Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc):	–	–	–	–
	At the end of the year	**29,12,07,660**	**51.20**	**29,12,07,660**	**51.20**
2.	Mahindra & Mahindra Financial Services Limited Employees' Stock Option Trust - Consolidated with other DP				
	At the beginning of the year	41,63,582	0.73	41,63,582	0.73
	Date wise Increase/Decrease in Promoters' Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc.)	-4,40,284*	-0.08*	37,23,298	0.65
	At the end of the year	**37,23,298**	**0.65**	**37,23,298**	**0.65**

Note:

1) There is no change in the total shareholding of the Promoter viz. Mahindra & Mahindra Limited from 1st April, 2016 to 31st March, 2017.

2) * The decrease in the total shares held by the Trust from 41,63,582 shares to 37,23,298 shares is due to ESOP allotment of 4,40,284 shares during the year.

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

Sl No	For Each of the Top 10 Shareholders	Shareholding		Date@	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01-04-2016)/ end of the year (31-03-2017)	% of total shares of the company				No. of shares	% of total shares of the Company
1.	Franklin Templeton Investment Funds	1,54,71,054	2.72	01.04.2016			1,54,71,054	2.72
				29-04-2016	-5,00,000	Market Sale & Purchase	1,49,71,054	2.63
				13-05-2016	-9,95,602		1,39,75,452	2.46
				20-05-2016	-7,39,700		1,32,35,752	2.33
				27-05-2016	51,417		1,32,87,169	2.34
				17-06-2016	-14,439		1,32,72,730	2.33
				08-07-2016	-6,65,000		1,26,07,730	2.22
				15-07-2016	-6,47,000		1,19,60,730	2.10
				29-07-2016	-17,887		1,19,42,843	2.10
				19-08-2016	2,06,175		1,21,49,018	2.14
				26-08-2016	4,69,303		1,26,18,321	2.22
				02-09-2016	2,34,119		1,28,52,440	2.26
				09-09-2016	-4,228		1,28,48,212	2.26
				16-09-2016	7,26,000		1,35,74,212	2.39
				23-09-2016	1,66,000		1,37,40,212	2.42
				07-10-2016	22,01,000		1,59,41,212	2.80
				04-11-2016	46,000		1,59,87,212	2.81
				11-11-2016	6,83,002		1,66,70,214	2.93
				18-11-2016	5,56,998		1,72,27,212	3.03
		1,72,27,212	3.03	31-03-2017			1,72,27,212	3.03
2.	Amansa Holdings Private Limited	1,51,08,462	2.66	01-04-2016		Market Sale & Purchase	1,51,08,462	2.66
				29-04-2016	-1,08,462		1,50,00,000	2.64
				15-07-2016	-4,08,139		1,45,91,861	2.57
				22-07-2016	-57,49,638		88,42,223	1.55
				28-10-2016	-27,77,800		60,64,423	1.07
				25-11-2016	2,37,675		63,02,098	1.11
				30-12-2016	47,530		63,49,628	1.12
				17-02-2017	-1,57,035		61,92,593	1.09
		61,92,593	1.09	31-03-2017			61,92,593	1.09
3.	Aranda Investments (Mauritius) PTE Ltd	1,41,59,390	2.49	01-04-2016		No Change in the Shareholding during the year	1,41,59,390	2.49
4.	Life Insurance Corporation of India	60,01,482	1.06	01-04-2016		No Change in the Shareholding during the year	60,01,482	1.06
5.	JP Morgan Sicav Investment Company (Mauritius) Limited*	55,49,703	0.98	01-04-2016		Market Sale	55,49,703	0.98
				08-04-2016	-7,23,023		48,26,680	0.85
				15-04-2016	-5,81,707		42,44,973	0.75
		42,44,973	0.75	31-03-2017			42,44,973	0.75

Sl No	For Each of the Top 10 Shareholders	Shareholding		Date@	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01-04-2016)/ end of the year (31-03-2017)	% of total shares of the company				No. of shares	% of total shares of the Company
6.	Bank Muscat A O G A-C Bank Muscat India Fund	53,80,135	0.95	01-04-2016		No Change in the Shareholding during the year	53,80,135	0.95
7.	FIL Investments (Mauritius) Ltd*	52,23,616	0.92	01-04-2016		Market Sale	52,23,616	0.92
				29-04-2016	-13,39,197		38,84,419	0.68
				18-11-2016	-20,86,118		17,98,301	0.32
				25-11-2016	-17,98,301		0	0.00
		0	0.00	31-03-2017			0	0.00
8.	Stichting Depositary APG Emerging Markets Equity Pool*	50,40,888	0.89	01-04-2016		Market Sale & Purchase	50,40,888	0.89
				10-06-2016	1,39,491		51,80,379	0.91
				29-07-2016	6,47,592		58,27,971	1.02
				05-08-2016	2,21,196		60,49,167	1.06
				02-09-2016	13,04,900		73,54,067	1.29
				09-09-2016	-58,579		72,95,488	1.28
				30-09-2016	-7,60,000		65,35,488	1.15
				07-10-2016	-49,179		64,86,309	1.14
				28-10-2016	-4,48,113		60,38,196	1.06
				04-11-2016	-2,45,041		57,93,155	1.02
				18-11-2016	-5,01,587		52,91,568	0.93
				02-12-2016	-3,77,255		49,14,313	0.86
				03-02-2017	-25,386		48,88,927	0.86
				03-03-2017	-23,466		48,65,461	0.86
		48,65,461	0.86	31-03-2017			48,65,461	0.86
9.	ICICI Prudential Balanced Advantage Fund*	62,79,233	1.10	01-04-2016		Market Sale & Purchase	62,79,233	1.10
				29-04-2016	-2,25,013		60,54,220	1.06
				06-05-2016	-94,754		59,59,466	1.05
				10-06-2016	-1,75,206		57,84,260	1.02
				17-06-2016	-28,337		57,55,923	1.01
				24-06-2016	-8,05,590		49,50,333	0.87
				30-06-2016	-6,75,037		42,75,296	0.75
				01-07-2016	-1,43,557		41,31,739	0.73
				08-07-2016	-2,52,990		38,78,749	0.68
				15-07-2016	-3,01,961		35,76,788	0.63
				29-07-2016	-3,18,829		32,57,959	0.57
				12-08-2016	-2,59,021		29,98,938	0.53
				26-08-2016	-1,60,597		28,38,341	0.50
				02-09-2016	-3,44,333		24,94,008	0.44
				09-09-2016	-3,39,016		21,54,992	0.38
				23-09-2016	-3,57,235		17,97,757	0.32
				30-09-2016	-1,26,554		16,71,203	0.29
				07-10-2016	-3,80,648		12,90,555	0.23
				14-10-2016	-4,63,344		8,27,211	0.15
				28-10-2016	-1,29,939		6,97,272	0.12
				13-01-2017	-3,55,417		3,41,855	0.06
				20-01-2017	-3,41,855		0	0.00
		0	0.00	31-03-2017			0	0.00

Sl No	For Each of the Top 10 Shareholders	Shareholding		Date@	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01-04-2016)/ end of the year (31-03-2017)	% of total shares of the company				No. of shares	% of total shares of the Company
10.	UTI – MID CAP Fund*	51,59,188	0.91	01-04-2016		Market Sale	51,59,188	0.91
				23-09-2016	-9,76,035		41,83,153	0.74
		41,83,153	0.74	31-03-2017			41,83,153	0.74
11.	Valiant Mauritius Partners Offshore Limited#	22,11,627	0.39	01-04-2016		Market Purchase	22,11,627	0.39
				15-04-2016	7,92,756		30,04,383	0.53
				06-01-2017	36,23,800		66,28,183	1.17
				03-02-2017	1,38,389		67,66,572	1.19
		67,66,572	1.19	31-03-2017			67,66,572	1.19
12.	HDFC Standard Life Insurance Company Limited#	20,16,300	0.35	01-04-2016		Market Sale & Purchase	20,16,300	0.35
				08-04-2016	-2,600		20,13,700	0.35
				22-07-2016	1,00,000		21,13,700	0.37
				29-07-2016	1,00,000		22,13,700	0.39
				05-08-2016	1,50,000		23,63,700	0.42
				02-09-2016	1,37,542		25,01,242	0.44
				09-09-2016	1,12,458		26,13,700	0.46
				16-09-2016	10,600		26,24,300	0.46
				23-09-2016	4,64,400		30,88,700	0.54
				30-09-2016	2,34,800		33,23,500	0.58
				07-10-2016	2,50,000		35,73,500	0.63
				14-10-2016	4,50,000		40,23,500	0.71
				21-10-2016	1,50,000		41,73,500	0.73
				11-11-2016	50,000		42,23,500	0.74
				25-11-2016	2,50,000		44,73,500	0.79
				02-12-2016	88,000		45,61,500	0.80
				23-12-2016	15,521		45,77,021	0.80
				30-12-2016	34,479		46,11,500	0.81
				13-01-2017	-4,500		46,07,000	0.81
				20-01-2017	-4,750		46,02,250	0.81
				27-01-2017	18,450		46,20,700	0.81
				24-02-2017	-700		46,20,000	0.81
				03-03-2017	9,63,100		55,83,100	0.98
				10-03-2017	25,000		56,08,100	0.99
				17-03-2017	1,00,000		57,08,100	1.00
				31-03-2017	-8,19,911		48,88,189	0.86
		48,88,189	0.86	31-03-2017			48,88,189	0.86
13.	Valiant Mauritius Partners Limited#	18,09,513	0.32	01-04-2016		Market Sale & Purchase	18,09,513	0.32
				15-04-2016	5,58,917		23,68,430	0.42
				06-01-2017	28,76,200		52,44,630	0.92
				03-02-2017	-1,38,389		51,06,241	0.90
		51,06,241	0.90	31-03-2017			51,06,241	0.90

Sl No	For Each of the Top 10 Shareholders	Shareholding		Date@	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01-04-2016)/ end of the year (31-03-2017)	% of total shares of the company				No. of shares	% of total shares of the Company
14.	Vanguard Emerging Markets Stock Index Fund, ASERIE#	45,20,826	0.79	01-04-2016		Market Sale & Purchase	45,20,826	0.79
				08-04-2016	13,384		45,34,210	0.80
				22-04-2016	13,800		45,48,010	0.80
				20-05-2016	-12,535		45,35,475	0.80
				27-05-2016	-1,33,572		44,01,903	0.77
				03-06-2016	-858		44,01,045	0.77
				10-06-2016	12,880		44,13,925	0.78
				24-06-2016	48,576		44,62,501	0.78
				22-07-2016	9,936		44,72,437	0.79
				29-07-2016	30,078		45,02,515	0.79
				05-08-2016	24,123		45,26,638	0.80
				12-08-2016	25,515		45,52,153	0.80
				19-08-2016	36,288		45,88,441	0.81
				09-09-2016	15,750		46,04,191	0.81
				07-10-2016	16,800		46,20,991	0.81
				14-10-2016	11,550		46,32,541	0.81
				21-10-2016	39,375		46,71,916	0.82
				28-10-2016	15,750		46,87,666	0.82
				11-11-2016	34,125		47,21,791	0.83
				25-11-2016	41,475		47,63,266	0.84
				02-12-2016	23,625		47,86,891	0.84
				06-01-2017	13,152		48,00,043	0.84
				13-01-2017	27,948		48,27,991	0.85
				20-01-2017	13,152		48,41,143	0.85
				03-02-2017	39,456		48,80,599	0.86
				17-02-2017	10,960		48,91,559	0.86
				24-03-2017	24,165		49,15,724	0.86
				31-03-2017	23,628		49,39,352	0.87
		49,39,352	0.87	31-03-2017			49,39,352	0.87
15.	Merrill Lynch Markets Singapore PTE. Ltd#	0	0.00	01-04-2016		Market Sale & Purchase	0	0.00
				05-08-2016	4,589		4,589	0.00
				12-08-2016	35,611		40,200	0.01
				19-08-2016	41,335		81,535	0.01
				26-08-2016	4,99,871		5,81,406	0.10
				02-09-2016	-1,33,275		4,48,131	0.08
				09-09-2016	4,846		4,52,977	0.08
				16-09-2016	79		4,53,056	0.08
				23-09-2016	1,24,036		5,77,092	0.10
				30-09-2016	17,500		5,94,592	0.10
				07-10-2016	-27,678		5,66,914	0.10
				14-10-2016	1,948		5,68,862	0.10
				21-10-2016	-28,983		5,39,879	0.09
				28-10-2016	10,000		5,49,879	0.10

Sl No	For Each of the Top 10 Shareholders	Shareholding		Date@	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01-04-2016)/ end of the year (31-03-2017)	% of total shares of the company				No. of shares	% of total shares of the Company
				04-11-2016	-64,286		4,85,593	0.09
				11-11-2016	-32,045		4,53,548	0.08
				18-11-2016	-18,515		4,35,033	0.08
				25-11-2016	2,08,620		6,43,653	0.11
				02-12-2016	19,97,362		26,41,015	0.46
				09-12-2016	11,04,356		37,45,371	0.66
				16-12-2016	-10,179		37,35,192	0.66
				23-12-2016	-2,39,358		34,95,834	0.61
				30-12-2016	-3,54,248		31,41,586	0.55
				06-01-2017	13,500		31,55,086	0.55
				13-01-2017	-2,14,265		29,40,821	0.52
				20-01-2017	24,585		29,65,406	0.52
				27-01-2017	6,615		29,72,021	0.52
				03-02-2017	7,100		29,79,121	0.52
				10-02-2017	36,890		30,16,011	0.53
				17-02-2017	22,771		30,38,782	0.53
				24-02-2017	69,095		31,07,877	0.55
				03-03-2017	36,655		31,44,532	0.55
				10-03-2017	4,59,509		36,04,041	0.63
				17-03-2017	11,61,345		47,65,386	0.84
				24-03-2017	1,48,741		49,14,127	0.86
				31-03-2017	-24,617		48,89,510	0.86
		48,89,510	0.86	31-03-2017			48,89,510	0.86

@ Based on the beneficiary position as at the end of each week.

* Ceased to be in the list of Top 10 Shareholders as on 31-03-2017. The same is reflected above since the Shareholder was one of the Top 10 Shareholders as on 01-04-2016.

Not in the list of Top 10 Shareholders as on 01-04-2016. The same has been reflected above since the Shareholder was one of the Top 10 Shareholders as on 31-03-2017.

(v) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Date@	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (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
A.	**Directors**							
1.	Mr. Dhananjay Mungale Chairman & Independent Director	50,000	0.01	01-04-2016	0	No Change in the Shareholding during the year	50,000	0.01
2.	Mr. Ramesh Iyer, Vice-Chairman & Managing Director	6,36,380	0.11	01-04-2016			6,36,380	0.11
				23-12-2016	1,07,052	ESOP Allotment	7,43,432	0.13
		7,43,432	0.13	31-03-2017			7,43,432	0.13
3.	Mr. M. G. Bhide Independent Director	50,000	0.01	01-04-2016	0	No Change in the Shareholding during the year	50,000	0.01
4.	Mr. Piyush Mankad Independent Director	50,000	0.01	01-04-2016	0	No Change in the Shareholding during the year	50,000	0.01
5.	Mr. C. B. Bhave Independent Director	0	0.00	01-04-2016	0	No Change in the Shareholding during the year	0	0.00
6.	Ms. Rama Bijapurkar Independent Director	50,000	0.01	01-04-2016			50,000	0.01
				02-11-2016	-16,169	Market Sale	33,831	0.01
				03-11-2016	-3,831	Market Sale	30,000	0.01
		30,000	0.01	31-03-2017			30,000	0.01
7.	Mr. V. S. Parthasarathy Non-Executive Non-Independent Director	250	0.00	01-04-2016	0	No Change in the Shareholding during the year	250	0.00
8.	Dr. Anish Shah Non-Executive Non-Independent Director	0	0.00	01-04-2016	0	No Change in the Shareholding during the year	0	0.00
9.	Mr. V. Ravi Executive Director & Chief Financial Officer	4,78,850	0.08	01-04-2016			4,78,850	0.08
				11-01-2017	40,083	ESOP Allotment	5,18,933	0.09
		5,18,933	0.09	31-03-2017			5,18,933	0.09
B.	**Key Managerial Personnel**							
10.	Ms. Arnavaz M. Pardiwala Company Secretary & Compliance Officer	6,580	0.00	01-04-2016			6,580	0.00
				23-12-2016	6,053	ESOP Allotment	12,633	0.00
		12,633	0.00	31-03-2017			12,633	0.00

V. INDEBTEDNESS

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

(Amount Rs. in lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01.04.2016)				
i) Principal Amount	20,31,469.23	4,35,335.00	4,78,426.35	29,45,230.58
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	48,379.44	5,930.43	35,249.54	89,559.41
Total (i+ii+iii)	**20,79,848.67**	**4,41,265.43**	**5,13,675.89**	**30,34,789.99**
Change in Indebtedness during the financial year- Principal Amount				
Addition	20,99,575.45	37,71,425.00	1,45,960.08	60,16,960.53
Reduction	17,44,604.64	35,60,250.00	1,86,090.29	54,90,944.93
Exchange Difference	-4,205.89	0.00	0.00	-4,205.89
Net Change	3,50,764.92	2,11,175.00	-40,130.21	5,21,809.71
Change in Indebtedness during the financial year- Interest accrued but not due				
Addition	83,157.12	13,356.41	32,174.31	1,28,687.84
Reduction	48,379.44	5,930.43	35,249.54	89,559.42
Net Change	34,777.68	7,425.98	-3,075.23	39,128.42
Indebtedness at the end of the financial year (31.03.2017)				
i) Principal Amount	23,82,234.15	6,46,510.00	4,38,296.14	34,67,040.29
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	-83,157.12	13,356.41	32,174.31	-37,626.40
Total (i+ii+iii)	**22,99,077.03**	**6,59,866.41**	**4,70,470.45**	**34,29,413.89**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount Rs. in lakhs)

Sl. No.	Particulars of Remuneration	Name of MD/WTD		Total Amount
		Mr. Ramesh Iyer Vice-Chairman & Managing Director	Mr. V. Ravi Executive Director & Chief Financial Officer	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	275.18	141.17	416.35
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	10.64	3.49	14.13
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	0	0	0
2.	Stock Option*	303.87	113.78	417.65
3.	Sweat Equity	0	0	0
4.	Commission			
	- as % of profit	-	-	-
	- others	84.91	40.78	125.69
5.	Others (Retirals)	10.34	6.32	16.66
	Total (A)	**684.93**	**305.53**	**990.48**
	Ceiling as per the Act			**10,669.18**
		(being 10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)		

* The amount indicates perquisite value of Stock Options of the Company exercised during the year

B. Remuneration of Other Directors:

Independent Directors

(Amount Rs. in lakhs)

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Mr. M. G. Bhide	Mr. Dhananjay Mungale	Mr. Piyush Mankad	Mr. C. B. Bhave	Ms. Rama Bijapurkar	
1.	Fee for attending Board/ Committee Meetings	9.50	8.90	7.90	7.90	6.40	40.60
2.	Commission	17.00	17.32	17.00	17.00	17.00	85.32
3.	Others	Nil	Nil	Nil	Nil	Nil	Nil
	Total (1)	**26.50**	**26.22**	**24.90**	**24.90**	**23.40**	**125.92**

Non-Executive Non-Independent Directors

(Amount Rs. in lakhs)

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. Bharat Doshi#	Mr. V. S. Parthasarathy$	Dr. Anish Shah$	
1.	Fee for attending Board/ Committee Meetings	NIL	NIL	NIL	NIL
2.	Commission	45.24	NIL	NIL	45.24
3.	Others	NIL	NIL	NIL	NIL
	Total (2)	**45.24**	**NIL**	**NIL**	**45.24**
	Total (B)=(1+2)				**171.16**
	Overall Ceiling as per the Act				**1,066.92**
		(being 1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)			
	Total Managerial Remuneration (A+B)				**1,161.64**
	Overall Ceiling as per the Act				**11,736.09**
		(being 11% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)			

Resigned as Chairman and Member of the Board w.e.f. 9th March, 2016.

$ Mr. V. S. Parthasarathy and Dr. Anish Shah do not receive any remuneration from the Company.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MANAGING DIRECTOR/MANAGER/ WHOLE-TIME DIRECTOR

Remuneration to Ms. Arnavaz M. Pardiwala, Company Secretary

Sl. No.	Particulars of Remuneration	Amount Rs. in Lakhs
1.	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	49.48
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.73
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	0
2.	Stock Option*	17.18
3.	Sweat Equity	0
4.	Commission	
	- as % of profit	0
	- others	0
5.	Others (Retirals)	3.03
	Total	**70.42**

* The amount indicates perquisite value of Stock Options of the Company exercised during the year.

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
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

Dhananjay Mungale
Chairman

Place: Mumbai
Date : 25th April, 2017

Annexure V - A to the Board's Report for the Year ended 31st March, 2017

The Policy on Remuneration of Directors

Prelude

The Company is a non-banking financial company registered with the Reserve Bank of India, and is engaged in providing financing for new and pre-owned auto and utility vehicles, tractors, cars and commercial vehicles, providing personal loans, finance to small and medium enterprises and mutual fund distribution services.

This Policy shall be effective from the financial year 2014 - 15.

Intent of the Policy

The intent of the Remuneration Policy of Directors of Mahindra & Mahindra Financial Services Limited ("the Company") is to focus on enhancing the value and to attract and retain quality individuals with requisite knowledge and excellence as Executive and Non-Executive Directors for achieving objectives of the Company and to place the Company in a leading position.

The Nomination and Remuneration Committee (NRC) of the Board shall, while formulating the policy ensure that:

a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully;

b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

c) remuneration to Directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

While deciding the policy on remuneration of Directors, the Committee may consider amongst other things, the duties and responsibilities cast by the Companies Act, 2013, the Listing Agreement, various Codes of Conduct, Articles of Association, restrictions on the remuneration to Directors as also the remuneration drawn by Directors of other companies in the industry, the valuable contributions and inputs from Directors based on their knowledge, experience and expertise in shaping the destiny of the Company, etc. The Policy is guided by a reward framework and set of principles and objectives as more fully and particularly envisaged under Section 178 of the Companies Act, 2013 and principles pertaining to qualifications, positive attributes, integrity and independence of Directors, etc.

Directors

The Managing Director is an executive of the Company and draws remuneration from the Company. The Non-Executive Chairman and Independent Directors receive sitting fees for attending the meeting of the Board and the Committees thereof, as fixed by the Board of Directors from time to time, subject to statutory provisions. The Non-Executive Chairman and Independent Directors would be entitled to the remuneration under the Companies Act, 2013. Other Non-Executive Non-Independent Directors who receive remuneration from the holding company or a Group Company are not paid any sitting fees or any remuneration. In addition to the above, the Directors are entitled for reimbursement of expenses incurred in discharge of their duties.

Pursuant to the Employees Stock Option Scheme 2005 (ESOS 2005) the Company has granted Stock Options to Directors including Independent Directors. The Company has also granted Stock Options to the Managing Director and Non-Executive Non-Independent Director(s) pursuant to the Employees Stock Option Scheme 2010 (ESOS 2010). The vesting and exercise of these Options shall continue to be governed by ESOS 2005 and ESOS 2010 respectively and the terms of grant. However, as per Section 149(9) of the Companies Act, 2013, henceforth the Independent Directors will not be entitled to fresh grant of any Stock Options.

The NRC while determining the remuneration shall ensure that the level and composition of remuneration to be reasonable and sufficient to attract, retain and motivate the person to ensure the quality required to run the Company successfully. While considering the remuneration, the NRC shall also ensure a balance between fixed and performance-linked variable pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

The NRC shall consider that a successful Remuneration Policy must ensure that some part of the remuneration is linked to the achievement of corporate performance targets.

Managing Director/Executive Directors

The term of office and remuneration of Managing Director/ Executive Directors are subject to the approval of the Board of Directors, Shareholders, and Central Government, as may be required and the limits laid down under the Companies Act, 2013 from time to time.

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay, subject to the requisite approvals, remuneration to its Managing Director/Executive Directors in accordance with the provisions of Schedule V of the Companies Act, 2013.

If any Managing Director/Executive Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

Remuneration of the Managing Director/Executive Directors reflects the overall remuneration philosophy and guiding principle of the Company. While considering the appointment and remuneration of Managing Director/Executive Directors, the NRC shall consider the industry benchmarks, merit and seniority of the person and shall ensure that the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterpart(s) in other companies.

Remuneration for Managing Director/Executive Director is designed subject to the limits laid down under the Companies Act, 2013 to remunerate them fairly and responsibly. The remuneration to the Managing Director/Executive Director comprises of salary, perquisites and performance based incentive apart from retirement benefits like Provident Fund, Superannuation, Gratuity, Leave Encashment, etc., as per Rules of the Company. Salary is paid within the range approved by the Shareholders. Increments are effective annually, as recommended/ approved by the NRC/Board.

The total remuneration will have a flexible component with a bouquet of allowances to enable the Managing Director/ Executive Director to choose the allowances as well as the quantum, based on laid down limits as per Company policy. The flexible component can be varied only once annually.

The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRA). Both the BSC and KRAs are evaluated at the end of the fiscal to arrive at the BSC rating of the business and performance rating of the individual.

Remuneration also aims to motivate the Personnel to deliver Company's key business strategies, create a strong performance-oriented environment and reward achievement of meaningful targets over the short and long-term.

The Managing Director/Executive Directors are entitled to customary non-monetary benefits such as company cars, health care benefits, communication facilities, etc., as per policies of the Company. The Managing Director and Executive Directors are entitled to grant of Stock Options as per the approved Stock Option Schemes of the Company from time to time.

Non-Executive Directors

The Non-Executive Directors (NEDs) are paid remuneration by way of Commission and Sitting Fees. In terms of the shareholders' approval, the Commission is paid at a rate not exceeding 1% (one percent) per annum of the profits of the Company computed in accordance with the applicable provisions of the Companies Act, 2013. The distribution of Commission amongst the NEDs shall be placed before the Board.

At present, the Company pays sitting fees to the NEDs for attending the meetings of the Board and the Committees constituted by the Board from time to time.

Disclosures

Information on the total remuneration of members of the Company's Board of Directors, Managing Director/Executive Directors and Key Managerial Personnel/Senior Management Personnel may be disclosed in the Board's Report and the Company's Annual Report/ Website as per statutory requirements laid down in this regard.

For and on behalf of the Board

Dhananjay Mungale
Chairman

Place: Mumbai
Date : 25th April, 2017

Annexure V - B to the Board's Report for the Year ended 31st March, 2017

Remuneration Policy for Key Managerial Personnel and Employees

This Policy shall be effective from the financial year 2014 - 15.

Objective

To establish guidelines for remunerating employees fairly and in keeping with Statutes.

Definition(s)

"Key Managerial Personnel" (KMP) as defined in section 2(51) of the Companies Act, 2013 means:

(i) the Chief Executive Officer or the Managing Director or Manager;

(ii) the Company Secretary;

(iii) the Whole-time Director;

(iv) the Chief Financial Officer; and

(v) such other officer as may be prescribed.

Standards

The broad structure of compensation payable to employees is under:

- Fixed pay which has components like basic salary & other allowances/ flexi pay as per the grade where the employees can chose allowances from bouquet of options.
- Variable pay (to certain grades) in the form of annual/ half yearly performance pay based on KRAs agreed.
- Incentives either monthly or quarterly based on targets in the lower grades.
- Retirals such as PF, Gratuity & Superannuation (for certain grades)
- Benefits such as car scheme, medical & dental benefit, loans, insurance, etc; as per grades.

Increments

- Salary increase is given to eligible employees based on position, performance and market dynamics as decided from time to time.

In case the performance of the Company exceeds the budgeted performance, the Company declares an additional ex-gratia bonus or a reward to its employees, at its discretion.

For and on behalf of the Board

Dhananjay Mungale
Chairman

Place: Mumbai
Date : 25th April, 2017

ANNEXURE VI TO THE BOARD'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2017

Form No. MR-3

SECRETARIAL AUDIT REPORT

(Pursuant to Section 204(1) of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014
For the Financial Year ended 31st March, 2017

To,
The Members
Mahindra & Mahindra Financial Services Limited
Gateway Building, Apollo Bunder,
Mumbai-400 001.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Mahindra & Mahindra Financial Services Limited (hereinafter called "the Company"). Secretarial Audit was conducted for the financial year ended on 31st March, 2017 in a manner that provided us reasonable basis for evaluating the corporate conduct/statutory compliances and expressing our opinion thereon.

On the basis of the above and on our verification of documents, books, papers, minutes, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of the Audit, we hereby report that in our opinion, the Company has, during the period covered under the Audit as aforesaid, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2017 according to the provisions of:

(i) The Companies Act, 2013 and the Rules made there under and The Companies Act, 1956 and the Rules made there under, to the extent applicable.

(ii) The Securities Contracts (Regulation) Act, 1956 and the Rules made there under.

(iii) The Depositories Act, 1996 and the Regulations and Bye-Laws framed there under.

(iv) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.

(v) The following Regulations and Guidelines prescribed under Securities and Exchange Board of India Act, 1992:-

   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

   d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

   e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.

   f. The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding Companies Act and dealing with client.

   g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.

   h. The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998.

   i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(vi) The following laws, regulations, directions, orders applicable specifically to the Company:

a. The Reserve Bank of India Act, 1934.

b. Master Direction - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016.

c. Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

d. Master Direction - Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016.

e. Raising Money through Private Placement of Non-Convertible Debentures (NCDs) by NBFCs - RBI Guidelines.

f. Master Circular – Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015.

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

(i) the Secretarial Standards 1 & 2 issued by The Institute of Company Secretaries of India.

(ii) Listing Agreement for equity and debt securities entered into with BSE Limited and Listing Agreement for equity shares entered into with National Stock Exchange of India Limited.

On the basis of the information and explanation provided, the Company had no transaction during the period under Audit requiring the compliance of applicable provisions of the Act / Regulations / Directions as mentioned above in respect of:

a) Foreign Direct Investment, External Commercial Borrowings and Overseas Direct Investment, except the investment in Mahindra Finance USA LLC, a Joint Venture Company.

b) Delisting of equity shares.

c) Buy-back of securities.

We further report that the Board of Directors of the Company is duly constituted with the proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There was no change in the composition of the Board of Directors during the period covered under the Audit.

Adequate notice and detailed notes on Agenda were given to all Directors at least seven days in advance to schedule the Board Meetings. There exists a system for seeking and obtaining further information and clarifications on the Agenda items before the Meeting and for meaningful participation at the Meeting.

Majority decision is carried through and recorded as part of the minutes. We did not find any dissenting directors' views in the minutes.

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

We further report that during the period covered under the Audit, the Company has made the following specific actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, referred to above:

The members have approved an increase in the Borrowing powers of the Company from Rs. 50,000 Crores to Rs. 55,000 Crores, which is over and above the aggregate paid-up share capital and free reserves pursuant to Section 180(1)(c) of the Companies Act, 2013, through a Postal Ballot resolution passed on 16th June, 2016. By the same resolution, the members have approved the issue of Non-Convertible Debentures including subordinated debentures in one or more tranches aggregating upto Rs. 24,500 Crores on a Private Placement Basis, as part of the overall borrowing limits of Rs. 55,000 Crores.

For KSR & Co Company Secretaries LLP

Dr. K. S. Ravichandran
Managing Partner
(FCS: 3675; CP: 2160)

Date : 15th April, 2017
Place : Coimbatore

To,
The Members
Mahindra & Mahindra Financial Services Limited
Gateway Building, Apollo Bunder,
Mumbai-400 001.

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

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

For KSR & Co Company Secretaries LLP

Dr. K. S. Ravichandran
Managing Partner
(FCS: 3675; CP: 2160)

Date: 15th April, 2017
Place: Coimbatore

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC OVERVIEW

GLOBAL

The global economy expanded by 3.1% in 2016. Economic activity gained momentum in the second half of 2016, especially in advanced economies. The US economy strengthened following a sluggish start in 2016, primarily driven by strong labour markets and improved household balance sheets. The IMF in its latest World Economic Outlook has revised its projected growth upwards for the United States, reflecting the assumed fiscal policy easing and an uptick in business and consumer confidence, especially after the November elections. If this positivity persists, it will reinforce the cyclical momentum.

In Europe, industrial activity has recovered and economic expectations have risen across several large developed economies. However, it must be admitted that the geopolitical environment continues to be volatile and a matter of concern. The rising tide of protectionism across major economies may also impact global trade and commerce. Besides, there are major structural impediments (low productivity growth and high-income inequality), which continue to hinder a stronger recovery, especially over the medium term in advanced economies.

Among emerging markets and developing economies (EMDEs), the Chinese economy grew by 6.7% in 2016, marginally lower than the 6.9% growth recorded in 2015. This growth was supported by fiscal stimulus policies, encouraged by the Chinese Government, as well as by the continuation of an accommodative monetary policy. In addition, there was weaker than expected activity in some Latin American countries (Argentina, Brazil and Turkey) which faced a sharp contraction in tourism revenues. The Russian economy performed better than expected, in part reflecting firmer oil prices.

GLOBAL GROWTH (%)

Particulars			**Projections**	
	2015	2016	**2017**	2018
World Output	3.4	3.1	**3.5**	3.6
Advanced Economies	2.1	1.7	**2.0**	2.0
United States	2.6	1.6	**2.3**	2.5
Euro Area	2.0	1.7	**1.7**	1.6
Japan	1.2	1.0	**1.2**	0.6
United Kingdom	2.2	1.8	**2.0**	1.5
Other Advanced Economies*	2.0	2.2	**2.3**	2.4
Emerging and Developing Economies	4.2	4.1	**4.5**	4.8
China	6.9	6.7	**6.6**	6.2

* Excludes the G7 (Canada, France, Germany, Italy, Japan, United Kingdom, United States) and euro area countries.
Source: International Monetary Fund (IMF)

Outlook

Global growth is projected to touch 3.6% in 2018, from 3.5% in 2017. Global economic growth will fast-track in 2017 as investment, manufacturing and trade rebound. The improvement in the emerging markets and developing economies with proper investment in human and physical capital will help to facilitate the growth. Growth projections for Germany, Japan, Spain and the United Kingdom have also been estimated to be upwards, on account of a stronger than expected performance during the preceding year.

INDIA

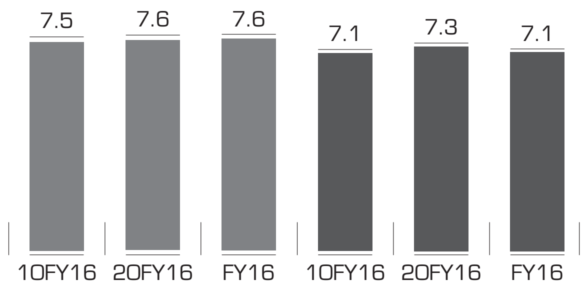
India continues to be one of the world's fastest growing economies, despite operating in a volatile global environment. The GDP for F.Y. 2016-17 touched 7.1%, demonstrating the fact that the country's economic fundamentals continue to be strong.

India also became the sixth largest manufacturing country in the world, rising from the previous ninth position, and thus retaining its bright spot in the global economic landscape. The decline in consumption in the wake of demonetisation, along with slowdown in the industrial sector has resulted in moderated growth rate towards the end of 2017. However, the agricultural sector demonstrated enhanced performance, owing to a favourable monsoon after two consecutive years of drought. The Index of Industrial Production (IIP) was largely subdued during the fiscal due to weakness in the capital goods segment. The Government of India is expected to meet its fiscal deficit target of 3.5% of GDP in 2017, as tax revenues are predicted to increase, in view of income disclosure scheme announced by the Government in 2017.

2016-17 witnessed two major developments:

- Demonetisation of two highest denomination notes. This was done with a purpose to restrain corruption, counterfeiting and to stop the use of high denomination notes for terrorist activities. Although this policy development had short-term hardships, it is expected to generate long-term benefits.
- A constitutional amendment is paving the way for the implementation of Goods and Services Tax (GST). It would replace all the indirect taxes currently in motion at all levels. Levied on manufacture, sale and consumption of goods and services at the national level, it will be a path breaking initiative on jurisdiction free assessment. It would further improve efficiency and bring down corruption while removing the geographic boundaries and enhancing the convenience of e-environment. It would considerably scale down the overall tax burden on goods, augment free movement of goods from one state to another and would also reduce paperwork to a large extent. All these would ultimately result in benefitting end-consumers and will bolster investment and growth.

GDP Growth (2011-12 base) (Y-O-Y, %)



(Estimated)

Outlook

GDP growth is expected to surpass the 7% mark in 2018, after being temporarily impacted by the government's demonetisation initiative in the initial months of 2017.

Demonetisation is likely to leave a positive impact on the economy through greater tax compliance, increased digitalisation and investments in capital formation. The projected fiscal deficit for 2017-18 is 3.2% of the GDP. The fiscal deficit target is achievable, given the expected drive in tax collection after the implementation of GST; and also greater tax compliance after demonetisation. Going ahead, the government's policy measures to boost the economy, corporate earnings and global liquidity are likely to remain the key market drivers.

INDIAN FINANCIAL SERVICES INDUSTRY

India's financial services sector plays a critical role in driving the country's economic growth by providing a wide spectrum of financial and allied services to a large consumer cross-section. In India, the market for financial services sector is still largely untapped. Digital technology, which has transformed the way business is conducted across the world, is projected to be one of the major drivers for the growth of this sector in India as well. An extensive range of financial products are increasingly being sold and delivered using the electronic platform to millions of customers in India. Greater use of digital technology is helping the sector to lower transaction cost, generate higher productivity and reach unexplored markets in the financial ecosystem.

In the current situation where the Government seeks to reduce the economy's dependence on cash, the increased focus on technology acceptance promises to take the sector on a path of rapid growth. The Government's monetary policy initiatives to rationalise interest rates, licence to foreign reinsurance, monetisation alternatives in infra and realty sectors through Real Estate Investment Trusts/Infrastructure Investment Trusts (REITs/INViTs), and focus on micro and SME finance in rural markets are likely to have a positive impact for the sector.

NBFC SECTOR

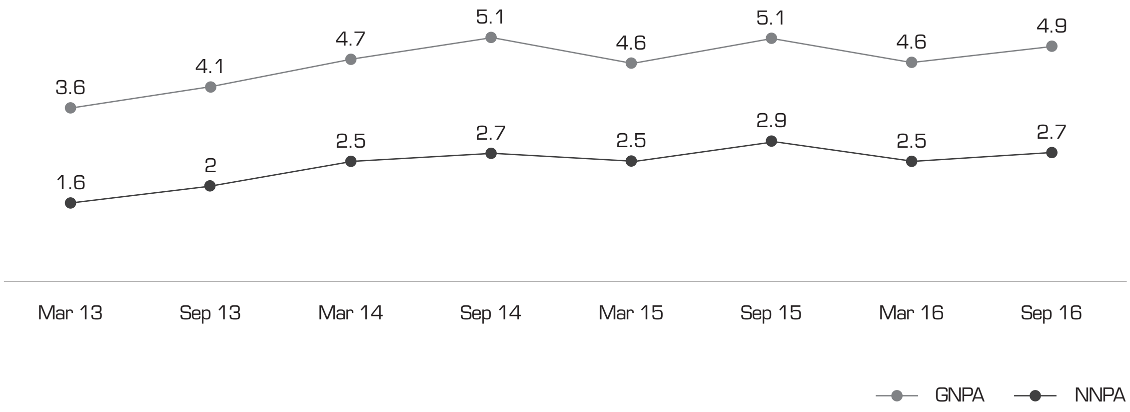
The Non-Banking Financial Companies (NBFCs) sector is integral to the Indian financial landscape. It aids in boosting financial inclusion initiative by lending services to the unbanked population in rural/ semi-urban and urban areas. It also provides services to the micro, small and medium enterprises (MSMEs) segment. Some of the reasons for the success of the sector, include cost efficiency, refined product lines and better customer services. Niche segmentation, simplified procedures and a focused credit approach are believed to be the key factors bolstering the profitability of NBFCs, making them one of the highest value creating business models within the Indian economy.

PERFORMANCE

As per the Financial Stability Report, December, 2016, the overall balance sheet size of all the NBFCs grew by 15.5% during 2015-16 and 8.5% during the first half of 2016-17.

The NBFC sector reported 10.5% growth in loans and advances at the end of September 2016 vis-à-vis 16.6% at the end of March 2016. During the first half of 2016-17, the NBFCs reported Gross Non-Performing Assets (GNPA) of 4.9%, which was 4.6% at the end of 2015-16. In terms of capital adequacy, the sector has not been able to perform well, during the preceding one and a half years. The overall capital adequacy stood at 23.1% at the end of first half of 2016-17 and 24.3% at the end of 2015-16.

Asset Quality of NBFCs



SWOT ANALYSIS

Strengths

- Distinguished financial services provider, with local talent catering to local customers
- Vast distribution network especially in rural areas and small towns, diversified product range and robust collection systems
- Simplified and prompt appraisal and disbursements
- Product innovation and superior delivery
- Ability to meet the expectations of a diverse group of investors and excellent credit ratings
- Innovative resource mobilisation techniques and prudent fund management practices

Weakness

- Regulatory restrictions - continuously evolving Government regulations may impact operations
- Uncertain economic and political environment

Opportunities

- Demographic changes and under penetration
- Large untapped rural and urban markets
- Growth in Commercial Vehicles, Passenger Vehicles and Tractors market
- Use of digital solutions for business/collections

Threats

- High cost of funds
- Rising NPAs
- Restrictions on deposit taking NBFCs
- Competition from other NBFCs and banks

GOVERNMENT INITIATIVES

- Recapitalisation of banks under Indradhanush (comprehensive plan for recapitalisation of public sector lenders, with a view to make sure they remain solvent and fully comply with the global capital adequacy norms, Basel-III) with a Rs. 10,000 crores capital outlay
- Enhanced lending under the Pradhan Mantri Mudra Yojana
- Thrust on affordable housing to boost housing finance
- National Housing Bank to refinance home loans up to Rs. 20,000

Outlook

NBFCs have emerged as substantial contributors to the country's economic growth by having access to certain deposit segments and catering to the specialised credit requirements of certain classes of borrowers. Going forward, the government's initiatives like 'Make in India', 'Start up India' and 'Digital India' are expected to bolster development in India.

For a large and diverse country like India, ensuring financial access to fuel development and entrepreneurship is critical. With the launch of government-backed schemes (such as the Pradhan Mantri Jan-Dhan Yojana [PMJDY]), there has been a substantial increase in the number of bank accounts. As traditional banks are already under stress; NBFCs would be of vital importance and can fill the necessary credit demand gap.

Therefore, the NBFCs need to be well integrated into the financial system to cater to the growing requirements of the economy. Additionally, the Indian consumer is aggressively adopting digital technology in his/her daily life. Thus, NBFCs need to rethink on their strategies to enhance their product portfolio, processes and customer experience. Besides, they also need to leverage on digital data for better credit decisions (based on analytics) and social media to serve customers better.

AUTOMOTIVE INDUSTRY

India's annual production stood at 25.31 million vehicles (including passenger vehicles, commercial vehicles, three wheelers, two wheelers and quadricycle) in 2016-17 as against 23.96 million in 2015-16, registering a growth of 5.41% on a year-on-year basis.The sales of passenger vehicles grew by 9.23% in 2016-17 over the same period last year. In the passenger vehicles segment, passenger cars, utility vehicles and vans grew by 3.85%, 29.91% and 2.37%, respectively during 2016-17 over the same period last year.

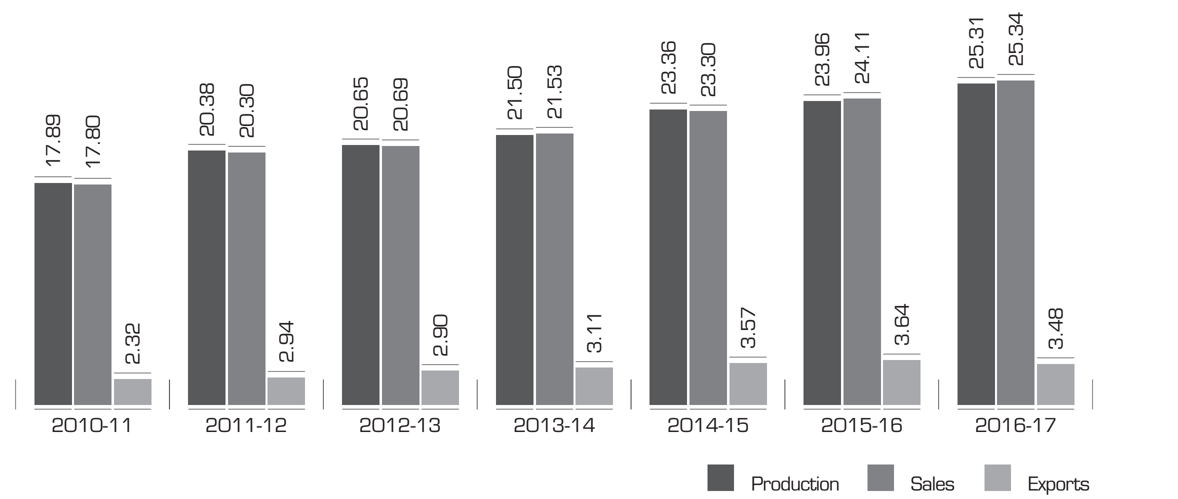
The overall commercial vehicles segment registered a growth of 4.16% in 2016-17, compared to the same period last year. Medium & Heavy Commercial Vehicles (M&HCVs) grew by 0.04% and Light Commercial Vehicles (LCVs) grew by 7.41% during 2016-17 over the same period last year.

The early part of 2016 saw a recovery trend in automobile sales. Sales were languishing due to low rural demand, following an erratic monsoon in the previous year. The ban on 10-year-old diesel vehicles in some parts of India further aggravated the situation. During the second half of 2016, the sector perceived a strong positive sentiment due to factors such as improved consumer attitude post the Seventh Pay Commission awards, normal monsoon after two successive years of deficit rainfall in most regions, lower financing costs and fuel prices.

As soon as the industry was picking up pace, demonetisation was announced by the government in November 2016. This led to de-growth in the auto industry during December 2016. The automobile market rebounded strongly after a short blip seen in sales in the immediate aftermath of the demonetisation drive. With Budget proposals to improve rural income and reduce the tax burden of lower income groups, the industry is likely to see a strong demand revival.

GST will allow seamless availability of input tax credit across the supply chain - right from manufacturer till it reaches final consumer and across the state borders. This in turn will eliminate the cascading effect of taxes in the supply chain and as a result, the product will be cost-effective. This reduction of product cost will lead to reduced price, increased demand and therefore, contribute to the growth of the business in this sector.

Chart 1: Production, Sales and Exports of Automobiles (Million units)



Source: SIAM

GOVERNMENT INITIATIVES

Some of the key initiatives undertaken by the Government of India comprise:

- Introducing a new Green Urban Transport Scheme, aimed at boosting the growth of urban transport, along low carbon path for substantial reduction in pollution
- Aiming to make India an automobile manufacturing hub through the 'Make in India' initiative, as the passenger vehicles market is projected to increase threefold i.e. 9.4 million units by 2026 (the vision is highlighted in the Auto Mission Plan [AMP] 2016-26)
- Promoting eco-friendly cars in the country i.e. CNG based vehicles, hybrid vehicles and electric vehicles (the Government has also mandated 5% ethanol blending in petrol)
- Pradhan Mantri Kaushal Kendras to be extended to 600 districts from the current level of 60 districts (100 international level skill centres will also be established; skilling will ensure availability of resources to meet the automobile sector needs)
- SANKALP programme to be launched at a cost of Rs. 4,000 crores, imparting market related training to 3.5 crores youth
- STRIVE scheme (at Rs. 2,200 crores) to impart apprenticeship training through industry cluster approach

- Incremental budget allocation of Rs. 6,000 crores, amounting to Rs. 64,900 crores in the development of highways (2,000 km of coastal connectivity through roads identified to provide better network between ports and remote villages).

HOUSING FINANCE

According to ICRA, affordable housing credit growth over the medium to long term is likely to be at around 30%, considerably higher than overall housing credit growth of 16-18%. The segment offers an encouraging growth opportunity and is likely to report reasonable returns over the long term. Given the good growth potential, the segment has become attractive

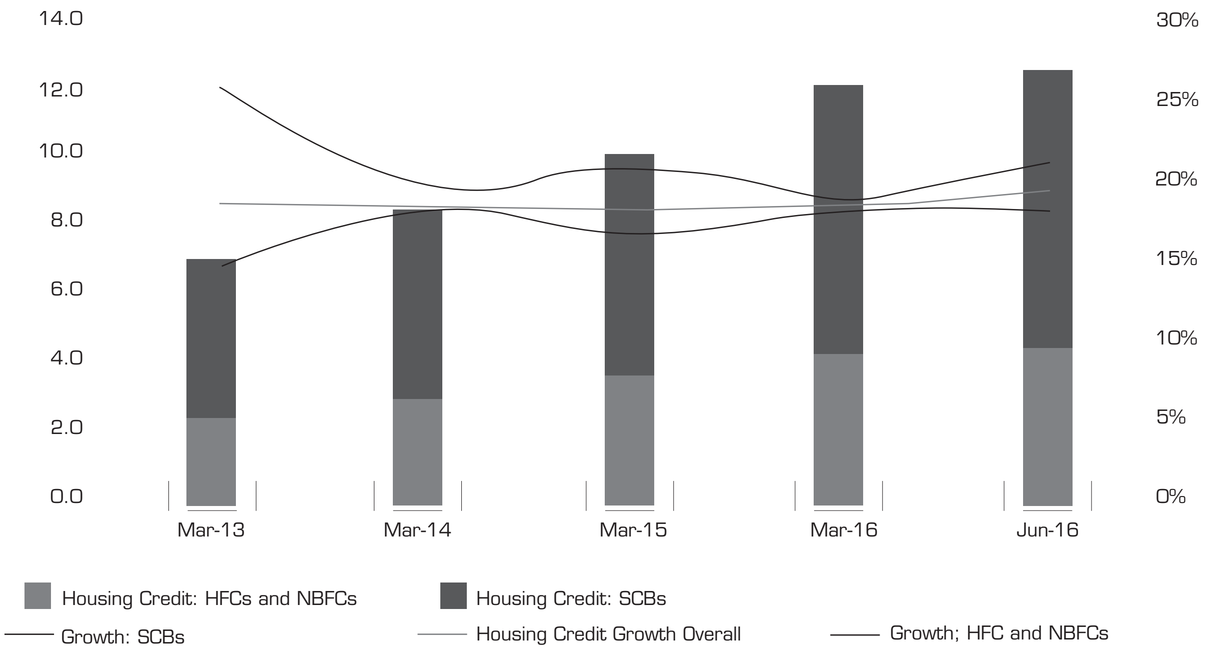
growing by **8%** and **6%**

WITH THE WANING IMPACT OF DEMONETISATION, DOMESTIC VOLUMES HAVE GRADUALLY RECOVERED, WITH INDUSTRY VOLUMES GROWING BY 8% AND 6%, RESPECTIVELY IN DECEMBER 2016 AND JANUARY 2017 (Y-O-Y BASIS).

for lenders, which could lead to improved competition in the segment with new HFCs and MFIs entering this business. At the same time, prevailing HFCs are setting up dedicated verticals to cater to the affordable housing segment.

Figure 1: Housing Credit Growth

(Rs. Trillion)



With enhanced government focus on affordable housing, including initiatives such as higher allocations under the Pradhan Mantri Awas Yojana (PMAY), addition of the credit-linked subsidy scheme to loans of value upto Rs. 1.2 million, efforts are being made to address the supply side. The demand side and affordability issues are likely to expand the borrower base. Besides, the government's smart cities mission to develop 100 cities across India, and making them citizen friendly and sustainable will catalyse industry growth.

TRACTOR INDUSTRY

According to ICRA Estimates, growth is forecasted at 9-10% in tractor volumes (domestic + exports) in 2017. This growth is primarily facilitated by healthier southwest monsoon and improved farm sentiments. The growth impetus observed a pause in November, 2016, with demonetisation causing cash crunch, resulting in a decline in monthly volumes by 13% (y-o-y basis). With the waning impact of demonetisation, domestic volumes have gradually recovered, with industry volumes growing by 8% and 6%, respectively in December 2016 and January 2017 (y-o-y basis).

There has been retrieval in demand in the central and western regions, led by enhanced farm sentiments on account of estimates of improved crop production and resulting farm cash flows. The northern region continues to hold up pan-India growth. Encouragingly, Uttar Pradesh, the largest tractor market in the region has recorded strong growth. The other key markets such as Rajasthan and Punjab continue to see slow growth, as a result of weak transport and replacement demand, respectively.

The government remains dedicated towards rural development and agriculture mechanisation, a critical component in improving the state of agriculture in the country. Besides, continuous government impetus towards increasing irrigation penetration through fresh allocations will gradually reduce rainfall dependence over the long term. This, together with other factors such as increasing rural wages and shortage of farm labour is likely to encourage growth in industry volumes over the long term.

INFRASTRUCTURE AND REAL ESTATE

The real estate sector is the second largest employer, after agriculture. It constitutes almost 6% of our GDP. In India, urbanisation is the biggest growth driver for real estate, which is driven by growth in business environment in the country and it is estimated that around 10-12 million people are getting urbanised annually. Further, the government is supporting the sector with several initiatives like push to develop 100 cities into smart cities, initiatives like "Housing for all by 2022" for a growing population in rural India assisted by both financial and regulatory support for the buyers and developers.

The demand for housing is expected to remain strong, reinforced by growing population, young demographic profile (half of the population is below the age of 35), shift towards nuclear families and rapid urbanisation. With wide discrepancy in household incomes in the country and high real estate prices, which act as a deterrent for buyers, a major share of this demand will be concentrated in the low cost and affordable housing segments. A major push from the government on roads, railways, and urban infrastructure segments has also helped construction companies improve their order book position.

GOVERNMENT INITIATIVES

- The affordable housing segment has been accorded infrastructure status. Now, the builders in this segment have access to cheaper sources of funds. Affordable housing in tier 2 and 3 cities is expected to receive a major push and attract more investments.
- The government has affirmed that it will construct 1 crore rural houses by 2019. The allocation to Pradhan Mantri Awas Yojana has been increased from Rs. 15,000 crores to Rs. 23,000 crores.
- Fund allocation for development under the Smart Cities projects and AMRUT has been increased to Rs. 9,000 crores. These tailwinds will lead to enhanced activity in the sector, including a hike in funds availability, demand and employment, positively impacting the macro economy.
- The infrastructure sector has been allocated Rs. 3,96,134 crores and the highways over Rs. 60,000 crores. This will improve connectivity within cities and across the country. It will also improve living standards in residential properties on the city outskirts, due to enhanced accessibility and connectivity.
- Phasing out of The Foreign Investment Promotion Board, coupled with the passing of the Real Estate (Regulation and Development) Act, 2016 (RERA), has lent transparency and increased the prospects of FDI in the sector.
- Refinancing of Rs. 20,000 crores worth of loans by the National Housing Bank (NHB) as well as various tax incentives and sops will bring additional money into the market. Numerous industries, including real estate, would be benefited by this move. It is also projected that refinancing would eventually bring down home loan rates, propelling consumer demand across segments.

MUTUAL FUND INDUSTRY

According to Association of Mutual Funds in India (AMFI), the AUM grew from Rs. 12.3 lakh crores in March 2016 to Rs. 17.5 lakh crores in March 2017. The Quarterly Average Assets Under Management (QAAUM) also registered a quarter-on-quarter growth of 8% in the last quarter of 2017. The growth can be credited to strong retail participation and overall market gains. The financial year 2016-17 turned out to be a good year for the mutual fund industry with investors pouring in Rs. 3.4 lakh crores across categories. The net inflows in liquid, income and equity (including Equity Linked Savings Schemes or ELSS) categories have been to the tune of Rs. 1.2 lakh crores, Rs. 0.96 lakh crores, and Rs. 0.70 lakh crores, respectively.

The AUM share of top 10 players, which stood at 78.4% of the total industry AUM as of March 2016 rose to 80.6% at the end of March 2017.

COMPANY OVERVIEW

Mahindra & Mahindra Financial Services Limited ("MMFSL" or "the Company") is a subsidiary of the Indian conglomerate, Mahindra & Mahindra Limited (M&M). It is a leading NBFC, offering a range of financial services to a wide customer cross-section in rural and semi-urban areas. The Company finances the purchase of utility vehicles, tractors, cars, commercial vehicles, used vehicles as well as construction equipment. It has a strong network of 1,182 branches spanning 27 states and 4 Union Territories in India. Against the backdrop of strong customer relationships, the Company is also engaged in other businesses through its subsidiaries, which are:

- Providing loans for buying and renovating homes in rural India through Mahindra Rural Housing Finance Limited.
- Offering insurance solutions to retail customers as well as corporations through Mahindra Insurance Brokers Limited.

CREDIT RATINGS

Type of Instrument	Rating Agency/Rating	Outlook
	CRISIL	
Fixed Deposit Programme	CRISIL FAAA	Stable
Long-term Debt Instruments and Bank Facilities	CRISIL AA+	Stable
Short-term Debt and Bank Loans	CRISIL A1+	–
	India Ratings & Research Private Limited	
Long-term instrument and Subordinated Debt programme	IND AAA	Stable

Type of Instrument	Rating Agency/Rating	Outlook
	Credit Analysis & Research Limited	
Long-term debt instrument and Subordinated Debt programme	CARE AAA	Stable
	Brickwork Ratings India Private Limited	
Long-term Subordinated Debt Issue	BWR AAA	Stable

OPERATIONAL REVIEW

The key operational highlights during the year are:

- Increased number of offices to 1,182 as on 31st March, 2017, from 1,167 offices as on 31st March, 2016
- Increased employee base to 17,856 as on 31st March, 2017 as against 15,821 as on 31st March, 2016
- Total income increased to Rs. 6,238 crores in 2016-17 from Rs. 5,905 crores in 2015-16, an increase of 6%
- Assets Under Management (AUM) raised to Rs. 46,776 crores from Rs. 40,933 crores in 2015-16, an increase of 14%
- The customer base reached 4.7 million people, from 4.1 million in 2015-16, an increase of 14.6%

FINANCIAL REVIEW

The following table presents MMFSL's standalone abridged financials for the financial year 2016-17, including revenues, expenses and profits.

Abridged Statement of Profit and Loss

Rs. in Crores

Particulars	Year ended March 31	
	2017	2016
Revenue from operations	**6,173.91**	5,853.16
Other income	**63.62**	51.94
Total revenue	**6,237.53**	5,905.10
Expenses:		
Employee benefits expense	**680.90**	558.81
Finance costs	**2,857.42**	2,639.29
Depreciation and amortisation expense	**46.02**	40.89
Loan provisions and write offs	**1,309.13**	1,049.53
Other expenses	**724.00**	578.40
Total expenses	**5,617.47**	4,866.92
Profit before tax	**620.06**	1,038.18
Tax expense	**219.83**	365.58
Profit for the year	**400.23**	672.60

The AUM Share

THE AUM SHARE OF TOP 10 PLAYERS, WHICH STOOD AT 78.4% OF THE TOTAL INDUSTRY AUM AS OF MARCH 2016 ROSE TO 80.6% AT THE END OF MARCH 2017.

Key Ratios

Key Indicators	2016-17	2015-16
PBT/Total Income	**9.9%**	17.6%
PBT/Total Assets	**1.4%**	2.7%
RONW (Avg. Net Worth)	**6.4%**	11.5%
Debt/Equity	**5.37:1**	4.86:1
Capital Adequacy	**17.2%**	17.3%
Tier I Capital	**12.8%**	14.6%
Tier II Capital	**4.4%**	2.7%
Book Value (Rs.) (excluding ESOPs)	**114.2**	107.4
NIM (Gross Spread)	**8.2%**	9.0%

RISK MANAGEMENT

MMFSL has a well-defined risk management architecture, which includes periodic reviews and close monitoring to strengthen business sustainability. The framework sets the technique for risk assessment and mitigation. It focuses on proactively managing uncertainties and volatilities to protect the interest of the Company.

The Key Business Risks and the mitigation measures adopted by the Company are as follows:

LIQUIDITY RISK

Liquidity risk arises from the absence of liquid resources, when funding loans, and repaying deposits and borrowings. The reason for this could be due to a decline in the expected collection, or incapability to raise adequate resources at a suitable price. This risk is minimised through diversified funding sources and an ability to increase liquidity through asset sales and securitisation. The Company also maintains a comprehensive amount of liquid assets and keeps access to unsecured funding as a hedge against unexpected requirements.

INTEREST RATE RISK

Movements in domestic interest rates constitute the primary source of interest rate risk. The Company evaluates and manages the interest rate risk on balance sheet through the process of asset-liability management. The Company has an Asset Liability Operating Committee comprising senior officials. The Asset Liability Committee (ALCO) of the Board of Directors lays down policies and quantifiable limits that involve assessment of various types of risks and modifications in assets and liabilities to manage such risks.

OPERATIONAL RISK

Operational risk is caused by inadequate or failed internal processes, systems, people, or caused by external events. Moreover, some of MMFSL's customers are farmers residing in rural and semi-urban areas and its results of operations are affected by risks specific to their businesses. Extreme weather conditions such as drought, insufficient rainfall or floods may potentially affect the quality and quantity of farming production in a given year, thereby adversely affecting the ability of these customers to repay their loans.

The Company's integrated technology structure, backed by its distinct credit policy, helps achieve seamless centralised operations across its pan-India network. Faster loan disbursement through quick credit appraisement has defined the operational benchmarks for the Company. Additionally, regular internal audits provide a check on deviation from any contingent operational inefficiency.

CREDIT RISK

Credit risk refers to the inability or unwillingness of the customer to meet the Company's financial obligations according to the stipulated period. The Company's effective credit management team works persistently to monitor its disbursement profile. In close collaboration with the recovery team and a strong ground workforce, the Company is well equipped in controlling the steep growth in Non-Performing Assets.

COMPETITION RISK

The Company provides loans primarily to customers residing in rural and semi-urban markets. Its primary competitors have been private unorganised lenders who typically operate in rural and semi-urban markets and, increasingly, banks and NBFCs who have entered these markets. In addition to these private unorganised lenders, due to the significant growth in vehicle financing, the Company faces competition from banks, NBFCs and housing finance companies, some of which may have superior technology, more resources, access to cheaper funding or existing office networks, have expanded their reach to rural and semi-urban markets and may have a better understanding of and relationships with customers in these markets. In addition, interest rate de-regulation and other liberalisation measures affecting the vehicle financing sector, together with increased demand for capital, have resulted in increased competition.

The Company may be unable to react effectively to these or other market developments or compete effectively with new and existing players in the increasingly competitive vehicle finance industry in India. Increasing competition may adversely affect its net interest margins, income and market share, which in turn could have a material adverse effect on the Company's financial condition and results of operations.

The Company's deep rural presence across 3.19 lakh villages in the country gives it an unparallel advantage over others. In addition, the Company's ability to secure low cost funding ensures it maintains sustainable margin levels.

REGULATORY RISK

The Company operates in rural and semi-urban areas, and most of the repayments of the loans disbursed by the Company are received in cash. The Government, in its notification dated 8th November, 2016, declared that the then existing series of bank notes issued by the RBI of Rs. 500 and Rs. 1,000 denominations will cease to be legal tender with effect from 9th November, 2016. Due to demonetisation, liquidity position of the Company's customers and their ability to repay loans borrowed from the Company was adversely affected. The Company has faced slowdown in collections which had an adverse effect on its business. Due to a decrease in repayment from customers, the Company's liquidity and ability to lend was adversely affected, which had a material adverse impact on its business, financial condition and operations.

As a deposit-taking NBFC, MMFSL is subject to regulation by Government authorities, including the RBI. The RBI, however, has not established a ceiling on the rate of interest that can be charged by NBFCs in the asset finance sector. Currently, the RBI requires that the Board of Directors of each NBFC adopts an interest rate model that takes into account relevant factors such as the cost of funds, margin and risk premium.

The Government of India has implemented a comprehensive national Goods and Services Tax (GST) regime that will combine taxes and levies by the Central and State Governments into a unified rate structure. GST is a dual levy with state GST and central GST. GST will replace the current taxes and duties such as excise duty, service tax, countervailing duty, special additional duty of customs, VAT, CST, octroi, applicable central and state charges and cesses. Currently, indirect taxes at applicable rates are lower than the applicable rate of GST to MMFSL. Further, new goods and services, which are currently not taxed, may get taxed in the GST regime. Due to these changes in the indirect tax regime, the Company's financial condition and results of operations may be adversely affected.

Further, the Company may also be required to make changes in its IT infrastructure and other internal processes to adapt to the requirements of GST, once implemented. To ensure compliance with the requirements of the GST laws, the Company may also need to allocate additional resources, which may increase its regulatory compliance costs and divert management attention.

The Company continuously monitors the regulatory compliances. The expertise of the senior management facilitates these compliances. The Company continues its active engagement with the external environment and is investing to enhance solutions across the value chain to prepare itself for the Goods and Services Tax (GST) era.

HUMAN RESOURCE RISK

The Company depends on the services of its management team and employees. Its inability to recruit and retain them may adversely affect its business.

We are **dedicated**

WE ARE DEDICATED TO PARTNERING WITH EMPLOYEES AND STRENGTHENING OUR TALENT POOL BY PROVIDING THEM WITH GROWTH AND CAREER ENHANCEMENT OPPORTUNITIES.

The Company's future success depends substantially on the continued service and performance of members of its management team and employees. There is intense competition for experienced senior management and other qualified personnel, particularly office managers, field executives and employees with local knowledge in client procurement, loan disbursement and installment collections. Inability to hire additional or retain existing management personnel and employees, may impair the Company's ability to expand its business and adversely affect its revenue. Failure to train and motivate its employees properly may result in an increase in employee attrition rates, require additional hiring, divert management resources, adversely affect its origination and collection rates, increase the Company's exposure to high-risk credit and impose significant costs.

The Company has taken several actions to ensure that the talent pipeline for the Company is strong especially when it comes to key management positions. MMFSL also has a strong focus on ensuring that its employees are adequately trained in their job functions and on all compliance related trainings.

INFRASTRUCTURE RISK

The Company faces difficulties and incurs additional expenses in operating in rural and semi-urban markets, where infrastructure may be limited. MMFSL caters primarily to customers in rural and semi-urban markets, which may have limited infrastructure, particularly for transportation and electricity. At offices in remote areas, MMFSL may face difficulties in conducting operations, such as accessing power facilities, transporting people and equipment, implementing technology measures. MMFSL may also face increased costs in conducting its business and operations, implementing security measures and expanding its advertising. The Company cannot assure that such costs will not increase in the future as it expands its network in rural and semi-urban markets, which could adversely affect its profitability.

MMFSL has increased the number of offices from 1,167 in 2015-16 to 1,182 in 2016-17, across 26 States and five Union Territories. The aim is reaching out to people, so that their multifarious requirements can be fulfilled. Mahindra Finance enjoys strategic tie-up with automobile manufacturers, and it is widening its partnerships for superior customer experience.

HUMAN RESOURCES

Behind your Company's reputation of being a customer-centric organisation lies the skills and the commitment of its people. Your Company's people drive the Mahindra Finance brand and the Company consistently strives to build a best-in-class organisational culture to attract, build and retain talent across levels.

Your Company is dedicated to partnering with employees and strengthening its talent pool by providing them with growth and career enhancement opportunities. It has a large and diverse workforce; and it constantly designs and implements processes and programmes to foster people development, leadership enrichment and skill enhancements among its teams.

We have

A LARGE AND DIVERSE WORKFORCE; AND WE CONSTANTLY DESIGN AND IMPLEMENT PROCESSES AND PROGRAMMES TO FOSTER PEOPLE DEVELOPMENT, LEADERSHIP ENRICHMENT AND SKILL ENHANCEMENTS AMONG OUR TEAMS.

Learning and development are the cornerstones of your Company's human capital initiatives. The industry training programmes undertaken by the organisation from time-to-time ensure that its team is up to date and experienced with the latest trends and developments in the NBFC industry.

The Company's people philosophy is driven with the singular objective of enabling its team members reach their highest potential in a rapidly changing, hyper-competitive business environment. Your Company's Employment Value Proposition – Growth is a way of Life, People Matter and Employees are Empowered also encompasses its People Philosophy.

Your Company recognises that each individual is different and contributes uniquely to the growth of the organisation. In return, your Company endeavours to reward its team members with fulfilling career paths that leverage their individual talents and suitably incentivise their performances.

Differentiating Mahindra Finance in the market through Proactive HR interventions

- Driving High Performance through working from On demand Seasonal Performance towards Sustained Out-Performance.
- Building a culture of High Tech Touch through anytime anywhere digital Human Resources and Learning Solutions.
- Business HR Partnering by creating Bespoke solutions for Mahindra Finance verticals and subsidiaries.
- Digitisation through Knowledge Management, Internal Media and Robust People Analytics, in order to shift gears from Intuitive to Predictive.

INFORMATION TECHNOLOGY

Information technology has been at the core of all critical initiatives of the organisation and is a key lever for sustainable differentiation in the market. MMFSL deploys technology at the front-end for its field force, branches, distributors and end-customers. The Company's IT strategy is to deploy best of breed solutions from global IT vendors; these include off-the-shelf industry products, enterprise platforms for customer relationship, business processes, analytics, and mobility. The IT infrastructure is a combination of in-house data centre and cloud deployments, supporting high levels of service availability.

The information security posture has been enhanced through deployment of firewalls, end-user device protection, and application assessments. MMFSL leverages the in-house skills of domain knowledge in conjuction with outsourced services for application support and infrastructure management. The Company leverages technology in a forward-looking environment through constant engagement with start-ups, and experimentation of new technology solutions.

INTERNAL CONTROL

The Company has put in place an adequate internal control system to safeguard all its assets and ensure operational excellence. The system also meticulously records all transaction details and ensures regulatory compliance. The Company also has a team of internal auditors to conduct internal audit. Reputed audit firms also ensure that all transactions are correctly authorised and reported. The reports are reviewed by the Audit Committee of the Board. Wherever necessary, internal control systems are strengthened and corrective actions initiated.

CAUTIONARY STATEMENT

Certain statements in the Management Discussion and Analysis describing the Company’s objectives, predictions may be “forward-looking statements” within the meaning of applicable laws and regulations. Actual results may vary significantly from the forward looking statements contained in this document due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India, volatility in interest rates, new regulations and Government policies that may impact the Company’s business as well as its ability to implement the strategy. The Company does not undertake to update these statements.

REPORT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PHILOSOPHY

Your Company manages its affairs with diligence, transparency, responsibility and accountability to generate long-term value for its stakeholders on a continuous and sustainable basis thus ensuring ethical and responsible leadership both at the Board and at the Management levels.

Your Company has been following fair, transparent and ethical governance practices, essential for enhancing long-term shareholder value and retaining investor trust. The governance processes and practices ensure that the interest of all stakeholders are taken into account in a balanced and transparent manner and are firmly embedded into the culture and ethos of the organisation. This has been possible through sustained efforts and commitment to the highest standards of corporate conduct.

Your Company has an active, experienced and a well informed Board. The Board along with its Committees undertakes its fiduciary duties towards all its stakeholders with the Corporate Governance mechanism in place.

The Company is in compliance with the requirements mandated by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["the Listing Regulations"]. A Report on compliance with the Code of Corporate Governance as stipulated in the Listing Regulations is given below:

BOARD OF DIRECTORS

The composition of the Board of your Company is in conformity with the provisions of the Companies Act, 2013 ("the Act") and the Listing Regulations, as amended from time to time.

The Board currently comprises nine Directors. The Chairman of the Company is an Independent Director and the number of Non-Executive and Independent Directors (including a lady Director) is more than one-half of the total number of Directors.

All the Directors possess requisite qualifications and experience in general corporate management, banking, finance, economics, marketing, digitalisation and other allied fields which enable them to contribute effectively to your Company by providing valuable guidance and expert advice to the Management and add value in the decision making process of the Board of Directors in their capacity as Directors of the Company.

Detailed profile of the Directors is available on the Company's website at the web-link: **http://www.mahindrafinance.com/management.aspx**.

The Independent Directors have been appointed for a fixed tenure of five years from their respective dates of appointment. All the Independent Directors have confirmed that they meet the criteria of independence laid down under the Act and the Listing Regulations.

Mr. Ramesh Iyer was re-appointed as the Managing Director designated as "Vice-Chairman & Managing Director" of the Company on expiry of his term of office on 29th April, 2016, for a further period of five years with effect from 30th April, 2016 to 29th April, 2021 by the Members, by means of a Postal Ballot voting process on 16th June, 2016.

The Members have also appointed Mr. V. Ravi, as a Whole-time Director designated as "Executive Director & Chief Financial Officer" of the Company for a period of 5 years with effect from 25th July, 2015 to 24th July, 2020 by way of Postal Ballot on 16th June, 2016.

Dr. Anish Shah was appointed as a Non-Executive Director of the Company by the Board of Directors at its Meeting held on 18th March, 2016. The Members have by means of a Postal Ballot voting process on 16th June, 2016, approved the appointment of Dr. Anish Shah as a Non-Executive Director of the Company.

Mr. Ramesh Iyer, Vice-Chairman & Managing Director and Mr. V. Ravi, Executive Director & Chief Financial Officer are Whole-time Directors of your Company. Mr. V. S. Parthasarathy and Dr. Anish Shah, Non-Executive Non-Independent Directors of your Company are in the whole-time employment of Mahindra & Mahindra Limited (M&M), the holding company, and draw remuneration from it. Apart from reimbursement of expenses incurred in the discharge of their duties and the remuneration that the Non-Executive Directors would be entitled to under the Act, none of these Directors has any other pecuniary relationships or transactions with the Company, its Subsidiaries or Associates, or their Promoters or its Directors, during the two immediately preceding financial years or during the current financial year. The Directors of the Company are not inter-se related to each other.

The Management of the Company is entrusted with the Steering Committee comprising of Senior Executives from different functions headed by the Vice-Chairman & Managing Director who operates under the supervision and control of the Board. The Board reviews and approves strategy and oversees the actions and results of Management to ensure that the long-term objectives of enhancing stakeholders' value are met.

The Senior Management of your Company have made disclosures to the Board confirming that there are no material financial and commercial transactions between them and the Company which could have potential conflict of interest with the Company at large.

NUMBER OF BOARD MEETINGS

The Board of Directors met six times during the year under review on 23rd April, 2016, 22nd July, 2016, 25th October, 2016, 29th November 2016, 24th January, 2017 and 23rd March, 2017. The requisite quorum was present for all the Meetings.

The Board met at least once in a calendar quarter and the maximum time gap between any two Meetings was not more than one hundred and twenty days. These Meetings were well attended.

DIRECTORS' ATTENDANCE RECORD AND DIRECTORSHIPS HELD

Pursuant to the provisions of section 165 of the Act none of the Directors of the Company is a Director in more than 10 public limited companies. Further, as mandated by Regulation 25 of the Listing Regulations, none of the Independent Directors of the Company serves as Independent Director in more than seven listed companies or three listed companies in case he/she serves as a Whole-time Director in any listed company. Further, as mandated by Regulation 26 of the Listing Regulations, none of the Directors is a Member of more than 10 Board level Committees and no such Director is a Chairman/ Chairperson of more than five Committees, across all public limited companies in which he/she is a Director. Mr. Ramesh Iyer, Vice-Chairman & Managing Director and Mr. V. Ravi, Executive Director & Chief Financial Officer are not Independent Directors of any other listed company. Table 1 gives the details.

COMPOSITION OF THE BOARD

As on 31st March, 2017, the Company's Board comprised nine Members. The Chairman of the Board and four Directors are Independent Directors. The Vice-Chairman & Managing Director and the Executive Director & Chief Financial Officer are Executives of the Company while the remaining two Directors are Non-Executive Non-Independent Directors. The names and categories of Directors, their attendance at the Board Meetings held during the year and at the last Annual General Meeting (AGM) held on 22nd July, 2016, as also the number of Directorships and Committee positions held by them in Indian public limited companies are as follows:

Table 1: Composition of Board of Directors as on 31st March, 2017

Name of the Directors	Category	DIN	Attendance Particulars			Total Number of Directorships and Committee Memberships/ Committee Chairmanships/ Chairpersonship of public limited companies#		
			Number of Board Meetings		Last AGM	Directorships	Committee Memberships+	Committee Chairmanships/ Chairpersonship+
			Held	Attended				
Mr. Dhananjay Mungale (Chairman)	Independent	00007563	6	6	Yes	8	5	2
Mr. Ramesh Iyer (Vice-Chairman & Managing Director)	Executive	00220759	6	6	Yes	6	3	0
Mr. Manohar G. Bhide	Independent	00001826	6	6	Yes	4	2	1
Mr. Piyush Mankad	Independent	00005001	6	6	Yes	4	4	1
Mr. C. B. Bhave	Independent	00059856	6	6	Yes	2	1	1
Ms. Rama Bijapurkar	Independent	00001835	6	6	Yes	4	1	1
Mr. V. S. Parthasarathy	Non-Executive Non-Independent	00125299	6	6	Yes	8	4	2
Mr. V. Ravi (Executive Director & Chief Financial Officer)	Executive	00307328	6	6	Yes	4	4	0
Dr. Anish Shah	Non-Executive Non-Independent	02719429	6	5	Yes	4	2	0

Notes:

\# Excludes Directorships in private limited companies, foreign companies and companies registered under section 8 of the Act but includes Directorship in Mahindra & Mahindra Financial Services Limited (MMFSL). None of the Directors holds Directorships in more than 20 companies as stipulated in section 165 of the Act.

\+ Committees considered are Audit Committee and Stakeholders Relationship Committee including in MMFSL.

MEETINGS OF INDEPENDENT DIRECTORS

As stipulated by the Code of Independent Directors under the Act and the Listing Regulations, two Meetings of Independent Directors were held during the year. These Meetings were conducted informally to enable Independent Directors to discuss matters relating to Company's affairs and put forth their views without the presence of Non-Independent Directors and members of the Management.

At these Meetings, the Independent Directors reviewed the performance of Non-Independent Directors and the Board as a whole, reviewed the performance of the Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Directors, assessed the quality, quantity and timeliness of the flow of information between the Management and the Board and its Committees which is necessary for the Board to effectively and reasonably perform and discharge their duties. Both these Meetings were well attended.

INFORMATION SUPPLIED TO THE BOARD

The Company sends a detailed agenda folder to each Director at least seven days before the date of the Board and Committee Meetings in accordance with the provisions of Secretarial Standard on Meetings of Board of Directors (SS-1) issued by the Council of the Institute of Company Secretaries of India and approved by the Central Government. All the agenda items are backed by necessary supporting information and documents to enable the Board to take informed decisions. A soft copy of the Board/Committee Meeting agenda is also hosted on the Board portal to provide web-based solution that functions as a document repository. To enable the Board to discharge its responsibilities effectively, the Vice-Chairman & Managing Director apprises the Board at every Meeting on the overall performance of the Company, as well as the current market conditions including the Company's business and the Regulatory scenario, followed by presentations by the Executive Director & Chief Financial Officer. A detailed Functional report is also placed before the Board at the Meetings.

The Board provides the overall strategic direction and periodically reviews strategy and business plans, annual operating and capital expenditure budgets and oversees the actions and results of the management to ensure that the long-term objectives of enhancing stakeholders' value are met. The Board also, inter-alia, reviews and considers investment and exposure limits, compliance report(s) of all laws applicable to the Company, as well as steps taken to rectify instances of non-compliances if any, review of major legal issues, minutes of Meetings of the Audit and other Committees of the Board, approval and adoption of quarterly/half-yearly/annual results, risk assessment and minimisation procedures, transactions pertaining to purchase/disposal of property(ies), major accounting provisions and write-offs, corporate restructuring, details of any joint ventures or collaboration agreement, material default in financial obligations, if any, transactions that involve substantial payment towards goodwill, brand equity or intellectual property, any issue that involves possible public or product liability claims of substantial nature, including judgment or order which may have passed strictures on the conduct of your Company, quarterly details of foreign exchange exposures and the steps taken by Management to limit the risks of adverse exchange rate movement and information on recruitment of Senior Officers just below the Board level. In addition to the above, pursuant to Regulation 24 of the Listing Regulations, the minutes of the Board Meetings of your Company's subsidiary companies and a statement of all significant transactions and arrangements entered into by the unlisted subsidiary companies are also placed before the Board.

The Chairman/Chairperson of various Board Committees brief the Board on all the important matters discussed and decided at their respective Committee Meetings.

PERFORMANCE EVALUATION OF BOARD, ITS COMMITTEES AND DIRECTORS

Pursuant to the provisions of the Act and Regulation 17 of the Listing Regulations, the Board has carried out an annual performance evaluation of its own performance, evaluation of the working of its Committees as well as performance of all the Directors individually. The Performance Evaluation of Board, its Committees and Directors has been discussed in detail in the Board's Report.

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Company has adopted a structured programme for orientation of Independent Directors at the time of their joining so as to familiarise them with the Company—its operations, business, industry and environment in which it functions and the regulatory environment applicable to it. The Company updates the Board Members on a continuing basis on any significant changes therein and provides them an insight to their expected roles and responsibilities so as to be in a position to take well-informed and timely decisions and contribute significantly to the Company. Pursuant to the provisions of the Act and Regulation 25(7) of the Listing Regulations the Company has during the year conducted familiarisation programmes for its Independent Directors which included visit to Company's Branch/Regional office(s) and interaction with its customers, holding an off-site Board Meeting, detailed presentations on long term vision and strategy of the Company, its business model and operations, digitisation, Industry outlook, Goods and Services Tax, Demonetisation of Specified Bank Notes, Prevention of Insider Trading Regulations, SEBI Listing Regulations, Accounting Standards, Framework for Related Party Transactions, providing Regulatory updates at Board and Audit Committee Meetings, circulating press releases, disclosures made to Stock Exchanges, news and articles related to the Company to provide updates from time to time. Pursuant to Regulation 46 of the Listing Regulations the details of familiarisation programmes are available on the website of the Company at the web-link: **http://www.mahindrafinance.com/pdf/familiarisation-programme-for-IDs.pdf.**

REMUNERATION

Policy on Remuneration for Directors and criteria for determining qualifications, positive attributes and independence of a director

The success of an organisation in achieving good performance and good governing practices depends on its ability to attract and retain quality individuals with requisite knowledge and excellence as Executive and Non-Executive Directors.

The Nomination and Remuneration Committee ("the NRC") reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and also independence of director:

1. All Board appointments will be based on merit, in the context of the skills, experience, diversity, and knowledge, for the Board as a whole to be effective.

2. Ability of the candidates to devote sufficient time and attention to his/her professional obligations as Director for informed and balanced decision-making.

3. Adherence to the applicable Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Directors.

Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member.

Your Company has a well-defined Remuneration Policy for its Directors. The Policy is guided by a reward framework and set of principles and objectives as more fully and particularly envisaged under section 178 of the Act and principles pertaining to qualifications, positive attributes, integrity and independence of Directors, etc. The NRC while determining the remuneration of the Directors shall ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the person to ensure the quality required to run the Company successfully. While considering the remuneration, the NRC shall ensure a balance between fixed and performance-linked variable pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals and it shall ascertain that some part of the remuneration is linked to the achievement of corporate performance targets.

Remuneration Policy for Key Managerial Personnel and Employees

The Board and the Nomination and Remuneration Committee regularly keep track of the current and emerging market trends in terms of compensation levels and practices within the relevant industries. This information is used to review the Company's remuneration policies from time to time.

The broad structure of compensation payable to employees is as under:

- Fixed pay which has components like basic salary and other allowances/flexi pay as per the grade where the employees can chose allowances from bouquet of options.
- Variable pay (to certain grades) in the form of annual/half-yearly performance pay based on KRAs agreed.
- Incentives either monthly or quarterly based on targets in the lower grades.
- Retirals such as Provident Fund, Gratuity and Superannuation (for certain grades).
- Benefits such as car scheme, medical and dental reimbursement, loans, insurance, etc., as per grades.

The Cost to Company is reviewed annually and increment is given to eligible employees based on their position, performance and market dynamics as decided from time to time.

REMUNERATION PAID TO DIRECTORS

The eligible Non-Executive Directors are paid remuneration in the form of sitting fees and commission within the limits prescribed under the Act. The remuneration payable to eligible Non-Executive Directors is decided by the Board of Directors subject to the overall approval of Members of the Company.

The NRC while deciding the basis for determining the remuneration to the eligible Non-Executive Directors, both fixed and variable, takes into consideration various relevant factors, including the overall compensation policies of the Company pertaining to commission, current trends and practices in relevant industries, the market trends in terms of compensation levels, responsibilities undertaken by the Directors such as Chairpersonship of Committees, their contribution in enhancing stakeholders' value resulting in overall growth of the Company and such other factors as the NRC may deem fit.

The eligible Non-Executive Directors are paid commission up to a maximum of 1% of the net profits of the Company as specifically computed for this purpose. A commission of Rs.92.00 Lakhs has been provided as payable to the eligible Non-Executive Directors in the accounts for the year ended 31st March, 2017.

In addition, the eligible Non-Executive Director(s) are paid a sitting fee of Rs. 50,000 each for every Meeting of the Board, Rs. 40,000 each for every Audit Committee Meeting, Rs. 30,000 each for every Meeting of the Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Stakeholders Relationship Committee, Asset Liability Committee and the Risk Management Committee respectively, and Rs. 20,000 each for every Meeting of the Committee for Strategic Investments (formerly known as "Strategy Committee for Acquisitions").

The Company has not granted Stock Options to any of its Non-Executive Directors during the year under review.

Remuneration of Executive Directors includes salary, perquisites, allowances, benefits, amenities, retirals viz. superannuation including gratuity and provident fund (fixed component) and commission and stock options (variable component). The remuneration to the Vice-Chairman & Managing Director and Executive Director & Chief Financial Officer is fixed by the NRC which is subsequently approved by the Board of Directors and Shareholders at a General Meeting/ by means of a Postal Ballot voting process.

The NRC while deciding the basis for determining the remuneration of the Executive Directors shall take into consideration the individual performance and the business performance. The business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRAs). Both the BSC and KRAs are evaluated at the end of the fiscal to arrive at the BSC rating of the business and performance rating of the individual.

Detailed information of Directors' remuneration for the year 2016-17 is set forth in Table 2.

Table 2: Details of Remuneration paid to Directors for the Financial Year 2016-17 (Rs. in Lakhs)

Name of the Director	Sitting Fees (excluding Service Tax)	Salary	Perquisites	Super-annuation and Provident Fund#	Commission for the year ended 31st March, 2016 paid during the year under review	Total	Employees Stock Option Scheme 2010+ (ESOS-2010)		
							Number of Stock Options granted in February, 2011 Grant 1$	Number of Stock Options granted in October, 2014 Grant 5$	Number of Stock Options granted in October, 2015 Grant 6$
Whole-time Directors									
Mr. Ramesh Iyer*	N.A.	275.90	304.96@	19.89	84.91	685.60	2,00,140	1,62,173	10,812
Mr. V. Ravi**	N.A.	141.17	117.26@@	6.32	40.78	305.53	77,815	61,319	NIL
Non-Executive Directors									
Mr. Dhananjay Mungale	8.90	N.A.	N.A.	N.A.	17.32	26.22	NIL	NIL	NIL
Mr. Bharat Doshi ^	N.A.	N.A.	N.A.	N.A.	45.24	45.24	NIL	NIL	NIL
Mr. M. G. Bhide	9.50	N.A.	N.A.	N.A.	17.00	26.50	NIL	NIL	NIL
Mr. Piyush Mankad	7.90	N.A.	N.A.	N.A.	17.00	24.90	NIL	NIL	NIL
Ms. Rama Bijapurkar	6.40	N.A.	N.A.	N.A.	17.00	23.40	NIL	NIL	NIL
Mr. C. B. Bhave	7.90	N.A.	N.A.	N.A.	17.00	24.90	N.A.	N.A.	NIL
Mr. V. S. Parthasarathy	N.A.	N.A.	N.A.	N.A.	N.A.	NIL	N.A.	NIL	NIL
Dr. Anish Shah	N.A.	N.A.	N.A.	N.A.	N.A.	NIL	N.A.	N.A.	N.A.

Notes:

@ This includes Rs. 303.87 lakhs being perquisite value of ESOPs of the Company exercised during the year.

@@This includes Rs. 113.78 lakhs being perquisite value of ESOPs of the Company exercised during the year

Aggregate of the Company's contributions to Superannuation Fund and Provident Fund.

+ Options issued at an Exercise Price of Rs. 2/- being the Face Value of the underlying shares.

$ ESOS – 2010

Grant-1: The Stock Options have been granted on 7th February, 2011. Of this, all the five tranches of 20% each totalling 100% of the total options have vested on 7th February, 2012, 7th February, 2013, 7th February, 2014, 7th February, 2015 and 7th February, 2016 respectively.

Grant-5: The Stock Options have been granted on 21st October, 2014. Of this, one tranche each of 20% of the total options granted have vested on 21st October, 2015 and 21st October, 2016 on expiry of 12 months and 24 months, respectively from the grant date and the balance number of options would vest in three equal tranches of 20% each on 21st October, 2017, 21st October, 2018 and 21st October, 2019 on expiry of 36 months, 48 months and 60 months, respectively from the date of grant.

Grant-6: Stock Options have been granted on 21st October, 2015. Of this, one tranche of 20% of the total options granted have vested on 21st October, 2016 on expiry of 12 months from the grant date and the balance number of options would vest in four equal tranches of 20% each on 21st October, 2017, 21st October, 2018, 21st October, 2019 and 21st October, 2020 on expiry of 24 months, 36 months, 48 months and 60 months, respectively from the date of grant.

* The notice period for the Vice-Chairman & Managing Director is three months. Commission and Stock Options are the only components of remuneration that are performance linked. All other components are fixed. The term of appointment is for a period of 5 years with effect from 30th April, 2016. There is no separate provision for the payment of severance fees.

** The notice period for the Executive Director & Chief Financial Officer is three months. Commission and Stock Options are the only components of remuneration that are performance linked. All other components are fixed. The term of appointment is for a period of 5 years with effect from 25th July, 2015. There is no separate provision for the payment of severance fees.

^ Resigned as Chairman and Member of the Board with effect from 9th March, 2016.

During 2016-17, the Company did not advance loans to any of its Directors.

SHARES HELD BY NON-EXECUTIVE DIRECTORS

Table 3 gives details of the shares held by the Non-Executive Directors as on 31st March, 2017.

Table 3: Details of the shares held by the Non-Executive Directors

Name of the Director	Number of Shares held
Mr. Dhananjay Mungale	50,000
Mr. M. G. Bhide	50,000
Mr. Piyush Mankad	50,000
Ms. Rama Bijapurkar	30,000
Mr. C. B. Bhave	Nil
Mr. V. S. Parthasarathy	250
Dr. Anish Shah	Nil

Codes of Conduct

The Board has laid down Codes of Conduct for Board Members and for Senior Management and Employees of the Company ("Codes"). These Codes have been posted on the Company's website at the **web-link: http://www.mahindrafinance.com/corporate-governance.aspx**.

The Board has also laid down a Code of Conduct for Independent Directors pursuant to section 149(8) read with Schedule IV of the Act, which is a guide to professional conduct for Independent Directors of the Company.

All the Board Members and Senior Management Personnel have affirmed compliance with these Codes. A declaration signed by the Vice-Chairman & Managing Director to this effect is enclosed at the end of this Report.

CEO/CFO CERTIFICATION

As required under Regulation 17(8) read with Part B of Schedule II of the Listing Regulations, the Vice-Chairman & Managing Director and the Executive Director & Chief Financial Officer of the Company have certified to the Board regarding the Financial Statements and internal controls relating to financial reporting for the year ended 31st March, 2017.

The said Certificate is attached herewith as Annexure A and forms part of this Report.

RISK MANAGEMENT

Your Company has a well-defined risk management framework in place. The risk management framework works at various levels across the Company. The Company has a robust organisational structure for managing and reporting on risks.

The Risk Management structure includes identification of elements of risk, including those which in the opinion of the Board, may threaten the existence of the Company. Risk management process has been established across the Company and is designed to identify, assess and frame a response to threats that affect the achievement of its objectives. Further, it is embedded across all the major functions and revolves around the goals and objectives of the Company.

The risk management framework adopted by the Company is discussed in detail in the Management Discussion and Analysis chapter of this Annual Report.

COMMITTEES OF THE BOARD

Your Company has seven Board level Committees – Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Asset Liability Committee, Risk Management Committee and Committee for Strategic Investments (formerly known as the "Strategy Committee for Acquisitions"). All decisions pertaining to the constitution of Committees, appointment of members and fixing of terms of service for Committee members are taken by the Board of Directors. Details on the role and composition of these Committees, including the number of meetings held during the financial year and the related attendance, are provided below:

a) Audit Committee

As on 31st March, 2017, the Audit Committee comprised of seven Non-Executive Directors of which five are Independent Directors. The Committee comprises Mr. C. B. Bhave (Chairman of the Committee), Mr. Dhananjay Mungale, Mr. M. G. Bhide, Mr. Piyush Mankad and Ms. Rama Bijapurkar, Independent Directors and Mr. V. S. Parthasarathy and Dr. Anish Shah, Non-Executive Non-Independent Directors.

All the members of the Audit Committee possess strong accounting and financial management knowledge. The Committee's composition meets with the requirements of section 177 of the Act and Regulation 18(1) of the Listing Regulations.

The terms of reference of this Committee are very wide and are in line with the regulatory requirements mandated by the Act and Part C of Schedule II of the Listing Regulations. Besides having access to all the required information from within the Company, the Committee can obtain external professional advice whenever required. The Committee acts as a link between the Statutory and the Internal Auditors and the Board of Directors of the Company. It is authorised to, inter-alia, review and monitor the Auditor's independence and performance, effectiveness of the audit process, oversight of the Company's financial reporting process and the disclosure of its financial information, reviewing with the Management the quarterly and annual financial statements and the Auditors' Report thereon before submission to the Board for approval, select and establish accounting policies, review reports of the Statutory and the Internal Auditors and meet with them to discuss their findings, suggestions and other related matters, approve transactions of the Company with related parties including subsequent modifications thereof, grant omnibus approvals for related party transactions subject to fulfillment of certain conditions, scrutinise inter-corporate loans and investments, valuation of undertakings or assets of the Company wherever it is necessary, evaluate internal financial controls and risk management systems, monitor end use of funds raised through public offers, rights issue, preferential issue and related matters, etc.

The Committee is also empowered to inter-alia review the remuneration payable to the Statutory Auditors and Internal Auditors, recommend to the Board the term of appointment and remuneration of the Statutory Auditors and Internal Auditors and recommend a change in the Auditors, if felt necessary. Further, the Committee is also empowered to review Financial Statements and investments of the unlisted subsidiary companies, Management Discussion and Analysis of financial condition and results of operations, statement of significant related party transactions, etc.

The Audit Committee has been granted powers as prescribed under Regulation 18 (2)(c) and reviews all the information as prescribed in Regulation 18(3) read with the Paragraph B of Part C of Schedule II of the Listing Regulations. Generally all items listed in Regulation 18(3) read with Part C of Schedule II of the Listing Regulations are covered in the terms of reference. The Committee is also authorised to oversee the functioning of the Whistle Blower Policy/Vigil Mechanism as well as review on a quarterly basis, the Report on compliance under the Code of Conduct for Prevention of Insider Trading adopted by the Company pursuant to Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

The Vice-Chairman & Managing Director, Executive Director & Chief Financial Officer, Chief Internal Auditor of Mahindra & Mahindra Limited, the Statutory Auditors, the Senior Vice-President-Operations, the Senior Vice-President-Accounts and the Senior Vice-President-Treasury & Corporate Affairs are regularly invited to attend the Audit Committee Meetings. The Company Secretary is the Secretary to the Committee.

Mr. C. B. Bhave, the Chairman of the Audit Committee was present at the 26th Annual General Meeting of the Company held on 22nd July, 2016.

The Audit Committee met seven times during the year on 23rd April, 2016, 22nd July, 2016, 4th August 2016, 30th September, 2016, 25th October, 2016, 23rd January, 2017 (which was reconvened on 24th January, 2017) and 10th February, 2017. The gap between two meetings did not exceed one hundred and twenty days. The details of attendance at the Audit Committee Meetings are given in Table 4.

Table 4: Attendance record of Audit Committee Meetings

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. C. B. Bhave (Chairman)	7	7
Mr. Dhananjay Mungale	7	7
Mr. M. G. Bhide	7	7
Mr. Piyush Mankad	7	7
Ms. Rama Bijapurkar	7	4
Mr. V. S. Parthasarathy	7	6
Dr. Anish Shah	7	7*

* Dr. Anish Shah did not attend the Audit Committee Meeting which was reconvened on 24th January, 2017.

b) Nomination and Remuneration Committee

The constitution of the Nomination and Remuneration Committee is in compliance with the provisions of section 178(1) of the Act and Regulation 19 of the Listing Regulations.

The Nomination and Remuneration Committee has been vested with the authority to, inter-alia, establish criteria for selection to the Board with respect to the competencies, qualifications, experience, track record and integrity, and recommend candidates for Board Membership, develop and recommend policies with respect to composition of the Board commensurate with the size, nature of the business and operations of the Company in line with the appropriate legislations, establish Director retirement policies and appropriate succession plans, devise policy on Board Diversity, determine overall compensation policies of the Company, and administer the "Mahindra & Mahindra Financial Services Limited Employees' Stock Option Scheme - 2005", the "Mahindra & Mahindra Financial Services Limited Employees' Stock Option Scheme – 2010" and such further ESOP Schemes as may be formulated from time to time and take appropriate decisions in terms of the concerned Schemes.

The terms of reference of this Committee are in line with the regulatory requirements mandated in the Act and Part D of Schedule II of the Listing Regulations.

The scope of the Committee further includes review of market practices and to decide on remuneration packages applicable to the Managing Director, Executive Director(s), Functional Heads, etc., set out performance parameters for Managing Director, Executive Director(s), Functional Heads, etc., and review the same. The Committee is also empowered to identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and carry out evaluation of every Director's performance.

In addition to the above, the Committee is also authorised to formulate the criteria for determining the qualifications, positive attributes and independence of a Director and recommend to the Board a Policy relating to the remuneration for the Directors, Key Managerial Personnel and other Employees.

The Committee carries out a separate exercise to evaluate the performance of individual Directors. Feedback is sought by way of well-defined and structured questionnaires covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, areas of responsibility, execution and performance of specific duties, obligations and governance, compliance, oversight of

Company's subsidiaries, and performance evaluation is carried out based on the responses received from the Directors.

Performance Evaluation Criteria for Independent Directors:

The Nomination and Remuneration Committee *inter-alia,* determines the performance evaluation criteria for Independent Directors on parameters such as participation and contribution by a director, effective deployment of knowledge and expertise, ability to challenge views of others in a constructive manner, integrity and maintenance of confidentiality and independence of behaviour and judgment.

All the Committee Members are Independent Directors including the Chairman. As on 31st March, 2017, the Committee comprised four members viz. Mr. Piyush Mankad (Chairman of the Committee), Mr. Dhananjay Mungale, Mr. M. G. Bhide and Mr. C. B. Bhave.

As per section 178(7) of the Act and Secretarial Standard-2 (SS-2) on General Meetings, issued by the Council of the Institute of Company Secretaries of India, the Chairman of the Committee or, in his absence, any other Member of the Committee authorised by him in this behalf shall attend the General Meetings of the Company. Mr. Piyush Mankad, Chairman of the Nomination and Remuneration Committee was present at the 26th Annual General Meeting of the Company held on 22nd July, 2016.

The Committee met three times during the year under review on 23rd April, 2016, 22nd July, 2016 and 25th October, 2016. The attendance details at Meetings of the Committee are given in Table 5.

Table 5: Attendance record of Nomination and Remuneration Committee Meetings

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. Piyush Mankad (Chairman)	3	3
Mr. M. G. Bhide	3	3
Mr. Dhananjay Mungale	3	3
Mr. C. B. Bhave	3	3

c) Stakeholders Relationship Committee

As on 31st March, 2017, the Stakeholders Relationship Committee comprised four members, viz. Ms. Rama Bijapurkar (Chairperson of the Committee) and Mr. M. G. Bhide, Independent Directors and Mr. Ramesh Iyer and Mr. V. Ravi, Executive Directors of the Company. Ms. Arnavaz M. Pardiwala, Company Secretary is the Compliance Officer of the Company.

The Committee meets, as and when required, to inter-alia, deal with matters relating to transfer/transmission of shares and debentures, approve requests for issue of duplicate share/debenture certificates and monitor redressal of grievances of security holders including shareholders, debentureholders, investors, other security holders relating to transfer/transmission of shares/debentures, non-receipt of Annual Report, non-receipt of dividends declared, non-receipt of interest on Non-Convertible Debentures/Fixed Deposits issued by the Company, non-receipt of Debenture Certificate(s) etc., in a timely manner.

The role and terms of reference of the Committee covers the areas as contemplated under Regulation 20 read with Part D of Schedule II of the Listing Regulations and section 178 of the Act, as applicable, besides the other terms as referred by the Board of Directors.

As per section 178(7) of the Act and the Secretarial Standards, the Chairperson of the Committee or, in his/her absence, any other Member of the Committee authorised by him/her in this behalf shall attend the General Meetings of the Company. Ms. Rama Bijapurkar, Chairperson of the Committee was present at the 26th Annual General Meeting of the Company held on 22nd July, 2016.

The Committee met twice during the year on 23rd April, 2016 and 25th October, 2016. Both the Meetings were well attended. The attendance details at Meetings of the Committee are given in Table 6.

Table 6: Attendance record of Stakeholders Relationship Committee Meetings

Name of Members	No. of Meetings held	No. of Meetings attended
Ms. Rama Bijapurkar (Chairperson)	2	2
Mr. M. G. Bhide	2	2
Mr. Ramesh Iyer	2	2
Mr. V. Ravi	2	2

Details of queries and grievances received and attended to by the Company during the year 2016 -17 are given in Table 7.

Table 7: Complaints/Letters received and attended to during the Financial Year 2016-17

Nature of Complaints/Letters	Pending as on 1st April, 2016	Received during the year	Answered during the year	Pending as on 31st March, 2017
1. Status of Share Application	0	0	0	0
2. Non-Receipt of Electronic Credit	0	0	0	0
3. Non-Receipt of Dividend	0	8	8	0
4. Duplicate/Revalidation/Correction of Dividend Warrant	0	158	158	0
5. SEBI/ Stock Exchange Complaints	0	2	2	0
6. Non-Receipt of Annual Report	0	5	5	0
7. Requests for Annual Report	0	21	21	0
Total	**0**	**194**	**194**	**0**

d) Corporate Social Responsibility Committee

The Corporate Social Responsibility (CSR) Committee has been constituted by the Board of Directors to formulate and recommend to the Board a CSR Policy indicating the activities to be undertaken by the Company in compliance with the provisions of the Act and Rules made there under, allocate the amount of expenditure to be incurred on CSR activities as enumerated in Schedule VII to the Act and monitor the CSR Policy of the Company periodically. The CSR Policy of the Company is displayed on the website of the Company at the web-link: **http://www.mahindrafinance.com/csr.aspx.**

During the year under review the scope of function of the Committee has been extended to inter alia, include, formulation and recommendation to the Board for its approval and implementation, the Business Responsibility ("BR") Policy(ies) of the Company, undertake periodical assessment of the Company's BR performance, review the draft Business Responsibility Report and recommend the same to the Board for its approval and inclusion in the Annual Report of the Company.

As on 31st March, 2017, the CSR Committee comprised of four members, viz. Mr. Piyush Mankad, Independent Director, (Chairman of the Committee), Mr. V. Ravi and Mr. Ramesh Iyer, Executive Directors and Dr. Anish Shah, Non–Executive Non–Independent Director, of the Company.

The Committee held four meetings during the year under review. The Committee met on 23rd April, 2016, 22nd July, 2016, 29th November, 2016 and 24th January, 2017.

The attendance details at Meetings of the Committee are given in Table 8.

Table 8: Attendance record of Corporate Social Responsibility Committee Meetings

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. Piyush Mankad (Chairman)	4	4
Mr. Ramesh Iyer	4	4
Mr. V. Ravi	4	4
Dr. Anish Shah	4	3

e) Asset Liability Committee

The Asset Liability Committee (ALCO) was constituted by the Board in 2001. It reviews the working of the Asset Liability Operating Committee, its findings and reports in accordance with the guidelines of the Reserve Bank of India (RBI). The Company submits periodic reports to the RBI on the management of the Company's risks and assets and liabilities.

As of 31st March, 2017, the Committee comprised of five members viz. Mr. M. G. Bhide (Chairman of the Committee) and Mr. Dhananjay Mungale, Independent Directors, Mr. V. S. Parthasarathy, Non-Executive Non-Independent Director, Mr. Ramesh Iyer, Vice-Chairman & Managing Director and Mr. V. Ravi, Executive Director & Chief Financial Officer.

The Committee met twice during the year on 23rd April, 2016 and 25th October, 2016. The attendance details at Meetings of the Committee are given in Table 9.

Table 9: Attendance record of Asset Liability Committee Meetings

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. M. G. Bhide (Chairman)	2	2
Mr. Dhananjay Mungale	2	2
Mr. Ramesh Iyer	2	2
Mr. V. S. Parthasarathy	2	2
Mr. V. Ravi	2	2

f) Risk Management Committee

Regulation 21 of the Listing Regulations mandates constitution of the Risk Management Committee. Your Company has in place a Risk Management Committee even before the erstwhile Clause 49 of the then prevailing Listing Agreement came into effect. The Risk Management Committee was constituted by the Board at its Meeting held on 28th January, 2008 to manage the integrated risk, inform the Board about the progress made in implementing a risk management system and review periodically the Risk Management Policy and strategy followed by the Company. Mr. V. Ravi, Executive Director & Chief Financial Officer apprises the Risk Management Committee and the Board of the major risks as well as the movement in the profile of the high risk category, the root causes of risks and their impact, key performance indicators, risk management measures and the current controls being exercised to mitigate these risks.

During the year under review, Mr. Piyush Mankad, Independent Director of the Company was inducted as a Member of the Committee with effect from 24th January, 2017.

As of 31st March, 2017, the Risk Management Committee comprised Mr. C. B. Bhave (Chairman of the Committee), Mr. Dhananjay Mungale, Mr. M. G. Bhide, Ms. Rama Bijapurkar and Mr. Piyush Mankad, all Independent Directors and Mr. V. S. Parthasarathy, Non-Executive Non-Independent Director of the Company.

The Committee met on 23rd April, 2016, 22nd July, 2016, 25th October, 2016 and 24th January, 2017.

The attendance details at Meetings of the Committee are given in Table 10.

Table 10: Attendance record of Risk Management Committee Meetings

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. C. B. Bhave (Chairman)	4	4
Mr. Dhananjay Mungale	4	4
Mr. M. G. Bhide	4	4
Mr. Piyush Mankad*	N.A.	N.A.
Ms. Rama Bijapurkar	4	4
Mr. V. S. Parthasarathy	4	4

* Appointed as a Member of the Committee with effect from 24th January, 2017. No Meeting was held during his tenure.

g) Committee for Strategic Investments (formerly known as the "Strategy Committee for Acquisitions")

The Committee for Strategic Investments (formerly known as the "Strategy Committee for Acquisitions") was constituted by the Board at its Meeting held on 20th March, 2015 to take up for evaluation and scrutinise significant investments/funding including but not limited to business acquisitions, reviewing and monitoring existing investments in Subsidiaries and the Joint Venture Company, overseeing and reviewing performance of the subsidiaries and make necessary recommendations to the Board from time to time including disinvestments.

During the year under review, the Nomenclature of the "Strategy Committee for Acquisitions" has been changed to the "Committee for Strategic Investments".

During the year under review, Dr. Anish Shah, Non-Executive Non-Independent Director of the Company has been inducted as a Member of the Committee with effect from 23rd March, 2017.

As of 31st March, 2017, the Committee for Strategic Investments comprised of Mr. M. G. Bhide and Mr. Dhananjay Mungale, Independent Directors and Mr. V. S. Parthasarathy and Dr. Anish Shah, Non-Executive Non-Independent Directors.

The Committee met twice during the year on 11th May, 2016 and 15th February, 2017.

The attendance details at Meetings of the Committee are given in Table 11.

Table 11: Attendance record of Meetings of the Committee for Strategic Investments

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. M. G. Bhide (Chairman)	2	2
Mr. Dhananjay Mungale	2	2
Mr. V. S. Parthasarathy	2	1
Dr. Anish Shah*	N.A.	N.A.

*Appointed as a Member with effect from 23rd March, 2017. No Meeting was held during his tenure.

SUBSIDIARY COMPANIES

Regulation 16(1)(c) of the Listing Regulations defines a "material subsidiary" to mean a subsidiary, whose income or net worth exceeds 20 percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

Under this definition, the Company did not have any "material subsidiary" during the year under review. The subsidiaries of the Company function independently, with an adequately empowered Board of Directors and sufficient resources. The Minutes of the Board Meetings of the Company's subsidiaries are placed at the Board Meeting for review by the Board Members. The financial statements of the subsidiary companies are presented to the Audit Committee at every quarterly Meeting. The Company has also complied with the other provisions of Regulation 24 of the Listing Regulations with regard to Corporate Governance requirements for subsidiary companies.

DISCLOSURES

Policy for determining Material Subsidiaries

The Company has formulated a policy for determining 'material' subsidiaries as defined in Regulation 16(1)(c) of the Listing Regulations. This policy has also been hosted on the website of the Company at the web-link: **http://www.mahindrafinance.com/policies.aspx**.

Disclosure of Transactions with Related Parties

All transactions entered into with Related Parties as defined under the Act and Regulation 23 of the Listing Regulations during the financial year were in the ordinary course of business and on an arm's length basis. The details of the transaction with related parties are placed before the Audit Committee from time to time.

During the Financial Year 2016-17, there were no materially significant transactions or arrangements entered into between the Company and its Promoters, Directors or their Relatives or the Management, Subsidiaries, etc., that may have potential conflict with the interests of the Company at large. Further, details of related party transactions are presented in Note Number 43 to Standalone Financial Statements in the Annual Report.

Policy on Materiality of and Dealing with Related Party Transactions

The Company has formulated a policy on materiality of and dealing with Related Party Transactions pursuant to the provisions of the Act and Regulation 23 of the Listing Regulations. The Policy on Related Party Transactions is displayed on the website of the Company at the web-link: **http://www.mahindrafinance.com/policies.aspx**.

Disclosure of Accounting Treatment in Preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) and comply with the Accounting Standards specified under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.

Details of non-compliance by the Company

The Company has complied with all the requirements of regulatory authorities. No penalties or strictures were imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets since the listing of the Company's Equity Shares.

Code for Prevention of Insider Trading Practices

The Company has instituted a comprehensive Code of Conduct for Prevention of Insider Trading in compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

The Company has devised and adopted the 'Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information' and 'Code of Conduct for Prevention of Insider Trading in Securities of Mahindra & Mahindra Financial Services Limited' ("the Codes").

The Code of Conduct for Prevention of Insider Trading in Securities of Mahindra & Mahindra Financial Services Limited has been formulated to regulate, monitor and ensure reporting of Trading by the Employees and Connected Persons designated on the basis of their functional role in the Company towards achieving compliance with the Regulations and is designed to maintain the highest ethical standards of trading in Securities of the Company by persons to whom it is applicable. The provisions of the Code are designed to prohibit Designated Persons and Connected Persons from trading in the Company's Securities when in possession of Unpublished Price Sensitive Information. The Code lays down guidelines for procedures to be followed and disclosures to be made while dealing with Securities of the Company and cautions them of the consequences of violations.

WHISTLE BLOWER POLICY

The Vigil Mechanism as envisaged in the Act and the Rules prescribed is implemented through the Whistle Blower Policy to provide for adequate safeguards against victimisation of persons who use such mechanism and make provision for direct access to the Chairperson of the Audit Committee.

The Whistle Blower Policy per se provides for protected disclosure and protection to the Whistle Blower. Under the Vigil Mechanism all stakeholders are provided access to Chairman of the Audit Committee of the Company or Chairman of the Company or the Corporate Governance Cell, to report illegal or unethical behaviour, actual or suspected fraud(s) or violation of the Company's Codes of Conduct or Corporate Governance Policies or any improper activity. The Whistle Blower Policy has been appropriately communicated within the Company and is accessible on the intranet portal of the Company. No personnel has been denied access to the Audit Committee. All Employees, Directors, customers, dealers, vendors, suppliers or other stakeholders associated with the Company can make protected disclosures by sending an email at the designated email id: **mmfsl_whistleblower@mahindra.com**.

The vigil mechanism has been hosted on the Company's website at the weblink: **http://www.mahindrafinance.com/pdf/MMFSL_VigilMechanism.pdf**.

SHAREHOLDERS

Re-appointment of Director(s)

The details of Director(s) seeking re-appointment at the forthcoming Annual General Meeting is set forth in Table 12.

Table 12

Name of Director	**Mr. Ramesh Iyer**
Date of Birth	4th June, 1958
Date of first appointment on the Board	30th April, 2001
Expertise in specific functional areas	Business Development, Finance and Marketing
Qualifications	He holds a Bachelor's Degree in Commerce and a Master's Degree in Business Administration.
Directorships in Companies	Mahindra & Mahindra Financial Services Limited Mahindra Insurance Brokers Limited Mahindra Rural Housing Finance Limited NBS International Limited Mahindra First Choice Services Limited Mahindra First Choice Wheels Limited Mahindra Finance USA, LLC Finance Industry Development Council (Section 8 Company)
Membership of Committees in Public Limited Companies	
Audit Committee	• Mahindra First Choice Wheels Limited • Mahindra First Choice Services Limited
Nomination and Remuneration Committee	• Mahindra Insurance Brokers Limited • Mahindra Rural Housing Finance Limited • NBS International Limited
Stakeholders Relationship Committee	• Mahindra & Mahindra Financial Services Limited
Corporate Social Responsibility	• Mahindra & Mahindra Financial Services Limited • Mahindra Insurance Brokers Limited • Mahindra Rural Housing Finance Limited

Table 12

Name of Director	**Mr. Ramesh Iyer**
Asset Liability Committee	• Mahindra & Mahindra Financial Services Limited • Mahindra Rural Housing Finance Limited
Shareholding of the Director in the Company	• 7,43,432 Equity Shares of Rs. 2 each

Mr. Ramesh Iyer has been the Managing Director of the Company with effect from 30th April, 2001 and is associated with the Company since inception. He has been elevated as Vice-Chairman of the Board of Directors designated as “Vice-Chairman & Managing Director” with effect from 18th March, 2016.

He comes with a wealth of experience in matters relating to business development, finance and marketing. He holds a Bachelor’s Degree in Commerce and a Master’s Degree in Business Administration.

Mr. Iyer is also the President – Financial Services Sector and a Member of the Group Executive Board of Mahindra & Mahindra Limited, the holding company.

Mr. Iyer is a Member of the Banking & Finance Committee of the Bombay Chamber of Commerce and Industry, the Core Committee of Finance Industry Development Council (FIDC) and the Task Force of NBFCs of Federation of Indian Chambers of Commerce and Industry (FICCI). He is also the Co-Chairman of the Group on Finance & Leasing and Insurance of the Council of Economic Affairs, set up by Society of Indian Automobile Manufacturers (SIAM). Besides this, he is the Chairman of WR HR Council Sub-Committee of CII since 2016 and a member of leadership team of IMD Alumni Club India.

Mr. Iyer is a recipient of various prestigious awards, the most recent ones being, ‘Best CEO – Financial Services Sector Mid Cap’ award by Business Today, 2 awards in the category ‘CEO of the Year’ and ‘Most Admired Rural Entrepreneur of the Year Award’ at The Rural Marketing Forum and Awards, conducted by CMO Asia and also an award in the category ‘CEO FINANCIAL SERVICES’ at the CEO AWARDS 2015 organised by CEO India magazine. Mr. Ramesh Iyer has also won the “Business Leadership Award” by Indian Achievers Forum in 2015.

Mr. Iyer was also one of the finalists in the CNBC 15th Asia Business Leaders Awards 2016 held in Jakarta, Indonesia and has been recently featured in Business Today magazine in the top 40 BFSI CEOs of India.

Mr. Ramesh Iyer is on the Board of various Mahindra Group Companies.

MEANS OF COMMUNICATION

- The Company regularly interacts with its shareholders, debentureholders and investors through multiple channels of communication such as announcement of financial results, postal ballot results, annual report, media releases, dissemination of information on the website of the Company and Stock Exchanges and subject specific communications.
- The Company publishes its quarterly, half-yearly and annual results in Business Standard (all India editions) and Sakal (Mumbai edition) which are national and local dailies, respectively. These are not sent individually to the Shareholders.
- The half-yearly financial results of the Company are communicated to the Debentureholders every six months through a half-yearly communiqué.
- The Annual Report of the Company, the quarterly/half-yearly and the annual financial results and official news releases are displayed on the Company’s website at **http://www.mahindrafinance.com.**
- The Company discloses to the Stock Exchanges, all information required to be disclosed under Regulation 30 read with Part ‘A’ and Part ‘B’ of Schedule III of the Listing Regulations including material information having a bearing on the performance/operations of the Company and other price sensitive information. The Company also files various compliances and other disclosures required to be filed electronically on the online portal of BSE Limited and National Stock Exchange of India Limited respectively, viz. BSE Corporate Compliance and Listing Centre and NSE Electronic Application Processing System (NEAPS).
- The Company also makes presentations to international and national institutional investors and analysts. These presentations and other disclosures which are required to be disseminated on the Company’s website under the Listing Regulations have been uploaded on the website of the Company and as per the Archival Policy of the Company would be hosted on the website for a minimum period of five years from the date of respective disclosures.
- The Company has designated investorhelpline_mmfsl@mahindra.com as an e-mail ID for the purpose of registering complaints/queries/requests by investors and displayed the same on the Company’s website. The Company has also designated **mfinfd@mahindra.com** as an exclusive email ID for Fixed Deposit Investors for the purpose of registering queries/complaints/requests in respect of Fixed Deposits of the Company and the same has also been displayed on the Company’s website.
- The Company has provided a dedicated e-mail address under its Vigil Mechanism, viz. **mmfsl_whistleblower@mahindra.com** for reporting concerns by all Employees, Directors, customers, dealers, vendors, suppliers or other stakeholders associated with the Company.

The Investor Zone of the Company’s website provides Frequently Asked Questions on various topics related to information about the Company, transfer and transmission of shares, dematerialisation of shares, nomination facility, change of address, loss of share certificates, sub-division of shares and payment of dividend. In addition, various downloadable forms such as Share Transfer Form, Nomination Form, Letter of Indemnity in case of issue of duplicate dividend warrant, Shareholders Information Updation Form, etc., required to be executed by the shareholders have also been provided on the website of the Company.

The above information can be accessed on the Company's website at the web-link: **http://www.mahindrafinance.com/investorzone-faqs.aspx.**

GENERAL BODY MEETINGS

Table 13: Details of last three Annual General Meetings and Special Resolutions passed

For the Financial Year	Date	Time	Special Resolutions passed	Venue
2013 – 2014	24th July, 2014	3.30 p.m.	Revision in the remuneration of Mr. Ramesh Iyer, Managing Director of the Company.	Y. B. Chavan Auditorium, General Jagannath Bhosale Marg, next to Sachivalaya Gymkhana, Mumbai – 400 021.
2014 – 2015	24th July, 2015	3.30 p.m.	Alteration of the Articles of Association of the Company by adoption of a new set of Articles of Association. Approve payment of remuneration by way of commission up to one per cent of the net profits of the Company to the Non-Executive Directors, with effect from 1st April, 2015.	Y. B. Chavan Auditorium, General Jagannath Bhosale Marg, next to Sachivalaya Gymkhana, Mumbai – 400 021.
2015 – 2016	22nd July, 2016	3.30 p.m.	None.	Textiles Committee Auditorium, Government of India, Ministry of Textiles, P. Balu Road, Prabhadevi Chowk, Prabhadevi, Mumbai – 400 025.

No Extraordinary General Meeting of the Shareholders was held during the year.

POSTAL BALLOT

Details of Resolutions passed through Postal Ballot during the Financial Year 2016-17.

During the year, six resolutions were passed through Postal Ballot. Mr. S. N. Ananthasubramanian, Practicing Company Secretary was appointed as the Scrutiniser for overseeing the Postal Ballot voting process. The details are as follows:

Date of Postal Ballot Notice : 10th May, 2016
Voting period : 18th May, 2016 to 16th June, 2016
Date of approval : 16th June, 2016
Date of Declaration of Results : 18th June, 2016

1) **Special Resolution for Increase in borrowing limits from Rs.50,000 crores to Rs.55,000 crores under section 180(1)(c) of the Act and creation of charge on the Company's assets under Section 180(1)(a) of the Act.**

Promoter/Public	No. of shares held	No. of votes polled	% of votes polled on outstanding shares	No. of votes in favour	No. of votes against	% of votes in favour on votes polled	% of votes against on votes polled
	(1)	(2)	(3)=[(2)/(1)]*100	(4)	(5)	(6)=[(4)/(2)]*100	(7)=[(5)/(2)]*100
Promoter and Promoter Group	29,53,64,717	29,12,07,660	98.59	29,12,07,660	0	100.00	0
Public Institutional Holders	24,71,30,912	17,68,38,756	71.56	17,44,42,315	23,96,441	98.64	1.36
Public Others**	2,62,69,331	36,29,776	10.38	36,29,663	113	100.00	0
Total	**56,87,64,960**	**47,16,76,192**	**82.93**	**46,92,79,638**	**23,96,554**	**99.49**	**0.51**

**Valid votes abstained from voting =17,769

2) Special Resolution for Issue of Non-Convertible Debentures including Subordinated Debentures, in one or more tranches, aggregating upto Rs. 24,500 crores on a Private Placement basis.

Promoter/Public	No. of shares held	No. of votes polled	% of votes polled on outstanding shares	No. of votes in favour	No. of votes against	% of votes in favour on votes polled	% of votes against on votes polled
	(1)	(2)	(3)=[(2)/(1)]*100	(4)	(5)	(6)=[(4)/(2)]*100	(7)=[(5)/(2)]*100
Promoter and Promoter Group	29,53,64,717	29,12,07,660	98.59	29,12,07,660	0	100.00	0
Public Institutional Holders	24,71,30,912	17,68,38,756	71.56	17,44,42,315	23,96,441	98.64	1.36
Public–Others**	2,62,69,331	36,28,576	13.81	36,26,311	2,265	99.94	0.06
Total	**56,87,64,960**	**47,16,74,992**	**82.93**	**46,92,76,286**	**23,98,706**	**99.49**	**0.51**

**Valid votes abstained from voting =18,969

3) Special Resolution for re-appointment of Mr. Ramesh Iyer, Managing Director (DIN: 00220759) designated as "Vice-Chairman & Managing Director" of the Company under the provisions of the Act for a period of 5 (five) years with effect from 30th April, 2016 to 29th April, 2021 on a salary in the scale of Rs. 5,00,000 to Rs. 10,00,000 per month.

Promoter/Public	No. of shares held	No. of votes polled	% of votes polled on outstanding shares	No. of votes in favour	No. of votes against	% of votes in favour on votes polled	% of votes against on votes polled
	(1)	(2)	(3)=[(2)/(1)]*100	(4)	(5)	(6)=[(4)/(2)]*100	(7)=[(5)/(2)]*100
Promoter and Promoter Group	29,53,64,717	29,12,07,660	98.59	29,12,07,660	0	100.00	0
Public Institutional Holders	24,71,30,912	17,56,25,103	71.07	17,46,17,210	10,07,893	99.43	0.57
Public Others**	2,62,69,331	36,28,546	13.81	36,28,430	116	100.00	0
Total	**56,87,64,960**	**47,04,61,309**	**82.72**	**46,94,53,300**	**10,08,009**	**99.79**	**0.21**

**Valid votes abstained from voting =12,32,652

4) Ordinary Resolution for appointment of Mr. V. Ravi (DIN: 00307328) as a Director of the Company.

Promoter/Public	No. of shares held	No. of votes polled	% of votes polled on outstanding shares	No. of votes in favour	No. of votes against	% of votes in favour on votes polled	% of votes against on votes polled
	(1)	(2)	(3)=[(2)/(1)]*100	(4)	(5)	(6)=[(4)/(2)]*100	(7)=[(5)/(2)]*100
Promoter and Promoter Group	29,53,64,717	29,12,07,660	98.59	29,12,07,660	0	100.00	0
Public Institutional Holders	24,71,30,912	17,68,38,756	71.56	17,45,26,912	23,11,844	98.69	1.31
Public Others**	2,62,69,331	36,28,446	13.81	36,28,382	64	100.00	0
Total	**56,87,64,960**	**47,16,74,862**	**82.93**	**46,93,62,954**	**23,11,908**	**99.51**	**0.49**

**Valid votes abstained from voting =19,099

5) **Special Resolution for appointment of Mr. V. Ravi (DIN: 00307328) as a Whole-time Director of the Company under the provisions of the Act, designated as "Executive Director & Chief Financial Officer" for a period of 5 (five) years with effect from 25th July, 2015 to 24th July, 2020 on a salary of Rs. 3,00,000 per month in the scale of Rs. 3,00,000 to Rs. 6,00,000 per month.**

Promoter/Public	No. of shares held	No. of votes polled	% of votes polled on outstanding shares	No. of votes in favour	No. of votes against	% of votes in favour on votes polled	% of votes against on votes polled
	(1)	(2)	(3)=[(2)/(1)]*100	(4)	(5)	(6)=[(4)/(2)]*100	(7)=[(5)/(2)]*100
Promoter and Promoter Group	29,53,64,717	29,12,07,660	98.59	29,12,07,660	0	100.00	0
Public Institutional Holders	24,71,30,912	17,56,25,103	71.07	17,46,17,210	10,07,893	99.43	0.57
Public Others**	2,62,69,331	36,28,446	13.81	36,28,321	125	100.00	0
Total	**56,87,64,960**	**47,04,61,209**	**82.72**	**46,94,53,191**	**10,08,018**	**99.79**	**0.21**

**Valid votes abstained from voting =12,32,752

6) **Ordinary Resolution for appointment of Dr. Anish Shah (DIN: 02719429) as a Director of the Company, liable to retire by rotation.**

Promoter/Public	No. of shares held	No. of votes polled	% of votes polled on outstanding shares	No. of votes in favour	No. of votes against	% of votes in favour on votes polled	% of votes against on votes polled
	(1)	(2)	(3)=[(2)/(1)]*100	(4)	(5)	(6)=[(4)/(2)]*100	(7)=[(5)/(2)]*100
Promoter and Promoter Group	29,53,64,717	29,12,07,660	98.59	29,12,07,660	0	100.00	0
Public Institutional Holders	24,71,30,912	17,68,38,756	71.56	15,61,11,050	2,07,27,706	88.28	11.72
Public Others**	2,62,69,331	36,28,261	13.81	36,28,150	111	100.00	0
Total	**56,87,64,960**	**47,16,74,677**	**82.93**	**45,09,46,860**	**2,07,27,817**	**95.61**	**4.39**

**Valid votes abstained from voting =19,284

Procedure for Postal Ballot

In compliance with Regulation 44 of the Listing Regulations and sections 108, 110 and other applicable provisions of the Act read with the Rules prescribed; the Company provides remote electronic voting (e-voting) facility to all its members to enable them to cast their votes electronically. The Company engages the services of Karvy Computershare Private Limited, its Registrar and Share Transfer Agents, for the purpose of providing e-voting facility to all its Members.

The Members have the option to vote either by physical ballot or e-voting. The Company dispatches the Postal Ballot Notices and Forms along with postage pre-paid business reply envelopes to its Members whose names appear on the Register of Members/list of Beneficiaries as on the cut-off date. The Postal Ballot Notice is sent to Members in electronic form to the e-mail addresses registered with their depository participants (in case of electronic shareholding)/ the Company's Registrar and Share Transfer Agents (in case of physical shareholding). The Company also publishes notice in the newspapers in English and Marathi languages declaring the details of completion of dispatch, and other requirements as mandated under the Act and applicable Rules and Secretarial Standard on General Meetings (SS-2). The Company also voluntarily publishes a notice in respect of declaration of results of the Postal Ballot in the newspapers for the information of its Members. The same are also posted on the website of the Company.

Voting rights are reckoned on the paid-up value of the shares registered in the names of the Members as on the cut-off date. Members desiring to exercise their votes by physical postal ballot forms are requested to return the forms duly completed and signed, to the scrutiniser on or before the close of voting period. Members desiring to exercise their votes by electronic mode are requested to vote before close of business hours on the last date of e-voting. The Scrutiniser submits his report to the Chairman or any other authorised Director of the Company, after the completion of scrutiny, and the consolidated results of the voting by postal ballot are accordingly declared by the Company within the stipulated time frame. The Results and the Report of the Scrutiniser are hosted on the Company's website

www.mahindrafinance.com besides being communicated to the Stock Exchanges and Registrar and Share Transfer Agents. The Results are also published in at least one English and one vernacular newspaper circulating in Maharashtra. The last date of receipt of the duly completed Postal Ballot Forms or e-voting is deemed to be the date of passing of the resolutions, if approved by the requisite majority.

Resolutions proposed to be passed by way of Postal Ballot

The Company proposes to seek the approval of the Shareholders in respect of the following Special Resolutions by way of Postal Ballot, including e-voting:

1. Increase in Borrowing limits from Rs. 55,000 crores to Rs. 60,000 crores under section 180(1)(c) of the Act and creation of charge on the assets of the Company under section 180(1)(a) of the Act.
2. Issue of Secured/Unsecured Redeemable Non-Convertible Debentures including Subordinated Debentures, in one or more series/tranches, aggregating upto Rs. 29,000 crores, on a Private Placement basis.
3. Place of keeping Registers and Index of Members, Debentureholders and copies of Annual Returns, pursuant to the provisions of section 94 of the Act.

None of the businesses proposed to be transacted in the ensuing Annual General Meeting requires the passing of a Special Resolution by way of Postal Ballot.

MANAGEMENT

Management Discussion and Analysis

The Annual Report has a detailed chapter on Management Discussion and Analysis.

COMPLIANCE

The Company has complied with the requirements of Corporate Governance Report of Paragraphs (2) to (10) mentioned in Part 'C' of Schedule V of the Listing Regulations and disclosed necessary information as specified in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) of the Listing Regulations.

Compliance with Mandatory Requirements

The Company has complied with all the mandatory requirements of the Listing Regulations relating to Corporate Governance.

Compliance with Non-Mandatory Requirements

The Company has also adopted the following non- mandatory requirements to the extent mentioned below:

Unmodified Audit Opinion

During the year under review, there is no audit qualification in your Company's standalone financial statements nor has there been a matter of emphasis made during the year. Your Company continues to adopt best practices to ensure a regime of financial statements with unmodified audit opinion.

Separate Posts of Chairman and Managing Director and CEO

The Chairman of the Board is an Independent Director and his position is separate from that of the Vice-Chairman & Managing Director.

GENERAL SHAREHOLDERS INFORMATION

27th Annual General Meeting

Date : 24th July, 2017
Time : 3.30 p.m.

Venue : Y. B. Chavan Auditorium,
Yashwantrao Chavan Pratishthan
General Jagannath Bhosle Marg,
Next to Sachivalaya Gymkhana,
Mumbai - 400 021.

Financial Year of the Company

The financial year covers the period from 1st April to 31st March.

Financial Reporting for

- Quarter ending 30th June, 2017 – End July, 2017
- Half-year ending 30th September, 2017 – End October, 2017
- Quarter ending 31st December, 2017 – End January, 2018
- Year ending 31st March, 2018 – End April, 2018

Note: The above dates are indicative.

Book Closure

Book Closure for dividend will be from 18th July, 2017 to 24th July, 2017, inclusive of both days.

Dividend Payment

A dividend of Rs. 2.40 per Equity Share of Rs. 2 each, will be paid/dispatched after 24th July, 2017 subject to approval by Shareholders at the ensuing Annual General Meeting.

Registered Office

Gateway Building, Apollo Bunder, Mumbai - 400 001.

Corporate Identity Number

L65921MH1991PLC059642

Listing Details

A. Equity Shares

The Company's Shares are listed on :

Name:	The BSE Limited (BSE)	The National Stock Exchange of India Limited (NSE)
Address:	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.	Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051.

The requisite listing fees have been paid in full to both these Stock Exchanges.

Table 1	Stock Exchange Codes
BSE	532720
NSE	M&MFIN
Demat ISIN in NSDL and CDSL for Equity Shares	INE774D01024

B. Non-Convertible Debentures:

The Non-Convertible Debentures (NCDs) of the Company comprise of privately placed NCDs and public issue of Unsecured Subordinated Redeemable NCDs (public NCDs). The NCDs are listed on the Debt Segment of BSE, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001. The Company has paid the requisite listing fees in full.

The Rupee Denominated Medium Term Note programme is duly listed on the Singapore Exchange Securities Trading Limited, 2 Shenton Way, #02-02 SGX Centre 1, Singapore 068804.

Debenture Trustee:

Pursuant to Regulation 53 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the name and contact details of the Debenture Trustee for the privately placed NCDs and public NCDs are given below:

Axis Trustee Services Limited

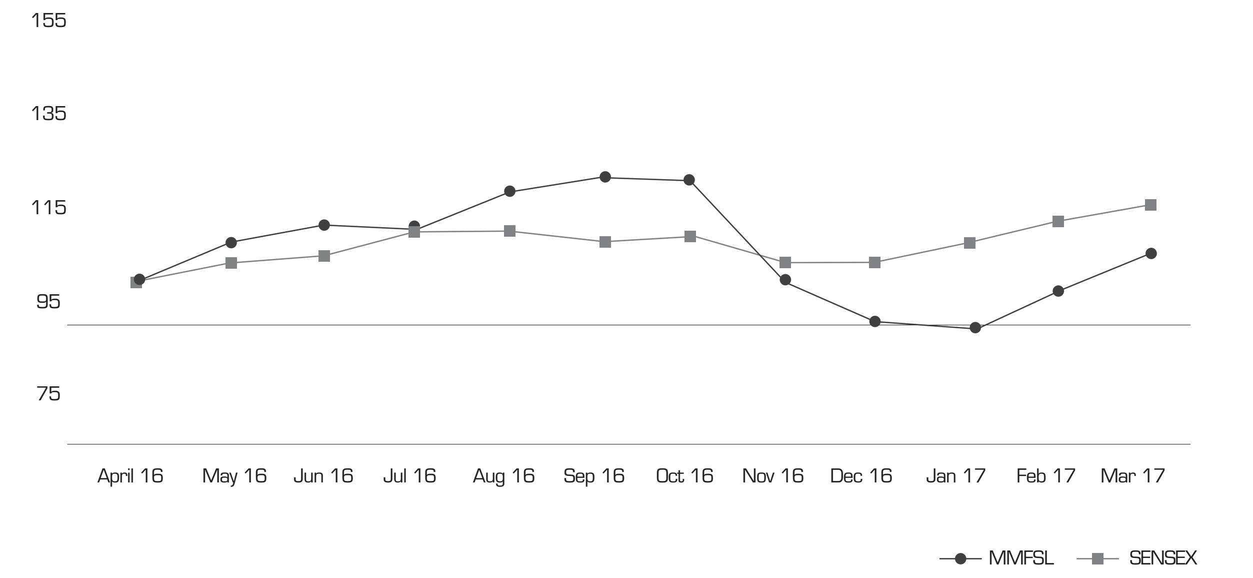
Axis House,
Bombay Dyeing Mills Compound,
Pandurang Budhkar Marg,
Worli, Mumbai - 400 025.
Phone : 022 - 6226 0074/75
Fax : 022 - 4325 3000
Email : **debenturetrustee@axistrustee.com**

The details are available on the website of the Company at the web-link: **http://www.mahindrafinance.com/investor-zone-contact.aspx.**

Table 2: Monthly High and Low of Company's shares for the Financial Year 2016 - 17 at BSE and NSE

	BSE Limited		National Stock Exchange of India Limited	
Month	**High (Rs.)**	**Low (Rs.)**	**High (Rs.)**	**Low (Rs.)**
April 2016	314.30	231.70	314.50	231.25
May 2016	332.50	291.20	332.55	291.00
June 2016	341.15	296.50	341.95	296.00
July 2016	364.20	299.00	364.50	299.75
August 2016	360.60	318.50	360.60	318.35
September 2016	370.85	332.00	371.50	331.95
October 2016	405.00	345.15	404.90	346.50
November 2016	362.90	251.75	362.90	251.50
December 2016	301.15	244.35	300.85	244.00
January 2017	301.05	263.65	301.30	263.30
February 2017	309.50	265.00	309.85	264.05
March 2017	338.50	274.10	338.70	274.10

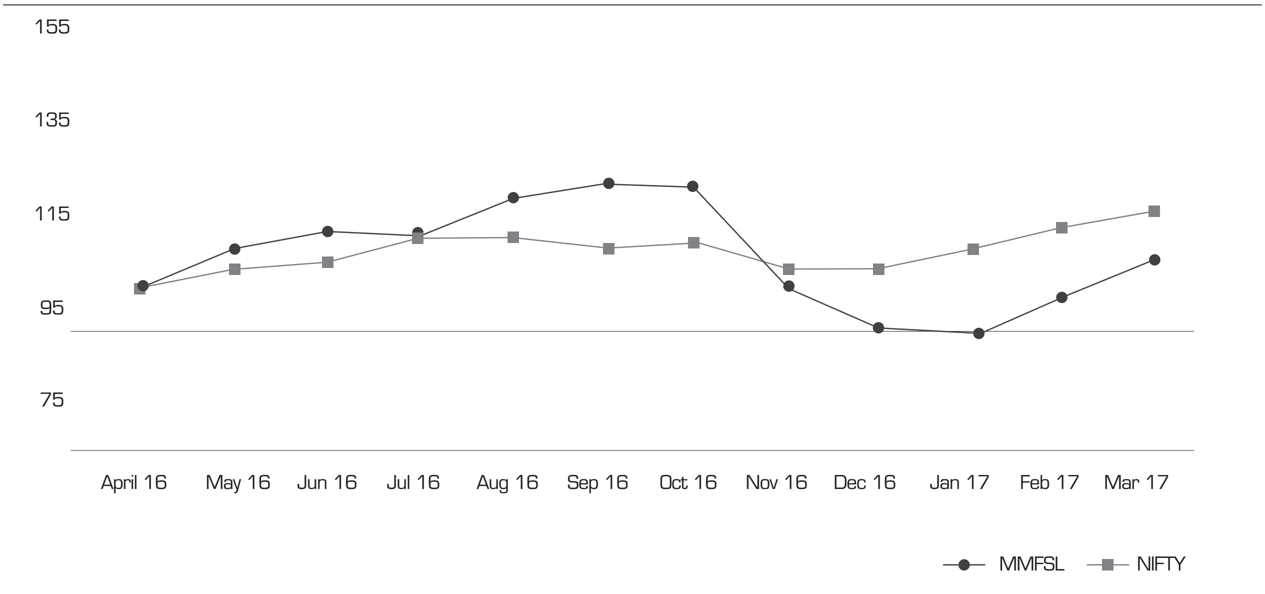
Chart A
MMFSL's share performance versus BSE Sensex



Note: Share prices and BSE Sensex indexed to 100 as on the first working day of the Financial Year 2016-17 i.e. 1st April, 2016.

Chart B

MMFSL's share performance versus Nifty



Note: Share prices and Nifty indexed to 100 as on the first working day of the Financial Year 2016-17 i.e. 1st April, 2016

Distribution of Shareholding

Table 3 and Table 4 list the distribution of the shareholding of the Equity Shares of the Company by size and by ownership class as on 31st March, 2017.

Table 3: Shareholding pattern by size as on 31st March, 2017

Category (Shares)	Number of Shareholders	No. of Shares held	% of Shareholding
1-500	52,757	62,63,185	1.10
501-1000	2,273	17,53,253	0.31
1001-5000	1,928	43,06,187	0.76
5001-10000	302	21,91,441	0.38
10001-20000	173	24,94,658	0.44
20001 and above	524	55,17,56,236	97.01
Total	**57,957**	**56,87,64,960**	**100.00**

Table 4: Shareholding pattern by ownership as on 31st March, 2017

Category of Shareholders	Number of Shares held	% of Shareholding
Promoter and Promoter Group	29,49,30,958	51.85
Mutual Funds	5,35,13,071	9.41
FIIs	17,28,77,428	30.39
Bodies Corporate	82,63,929	1.45
Indian Public/HUF	2,18,72,740	3.85
NRIs	12,11,823	0.21
Trusts	8,03,162	0.14
Indian Financial Institutions/ Banks	66,85,035	1.18
Venture Capital Funds	18,55,000	0.33
Insurance Companies	51,26,423	0.90
Clearing Members	16,25,391	0.29
Total	**56,87,64,960**	**100.00**

Dematerialisation of Shares

As on 31st March, 2017, 99.83 percent of the total equity capital was held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited.

Compliance with Regulation 34 (3) and Part F of Schedule V of the Listing Regulations

In accordance with the provisions of Regulation 34 (3) and Part F of Schedule V of the Listing Regulations the Company reports the following details in respect of the unclaimed Equity Shares which have been credited to a demat suspense account opened by your Company with M/s. Karvy Stock Broking Limited:

(i) Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year – 26 shareholders representing 4,800 Equity Shares of Rs. 2 each.

(ii) Number of shareholders who approached the Company for transfer of shares from suspense account during the year – 1.

(iii) Number of shareholders to whom shares were transferred from suspense account during the year - 1.

(iv) Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year - 25 shareholders representing 4,625 Equity Shares of Rs. 2 each.

(v) The voting rights on the unclaimed shares shall remain frozen till the rightful owner of such shares claims the shares.

Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion Date and likely impact on equity

As on 31st March, 2017, the Company did not have any outstanding GDRs/ADRs/Warrants or any Convertible Instruments.

Commodity Price Risk or Foreign Exchange Risk and Hedging activities

Your Company does not deal in any commodity and hence is not directly exposed to any commodity price risk.

As per the Company's Risk Management Policy, your Company enters into foreign currency swap/derivative transactions to cover the risk exposure on account of foreign currency loans. These transactions are structured in such a way that the Company's foreign currency liability is crystallised at a rate of exchange prevailing on the date of taking the swap.

Your Company follows the Accounting Policy and Disclosure Norms for swap/derivative transactions as prescribed by the relevant Regulatory Authorities and Accounting Standards from time to time. The details of foreign exchange exposures as on 31st March, 2017 are disclosed in Note Number 35 to the Standalone Financial Statements in the Annual Report.

Plant Locations

In view of the nature of business activities carried on by the Company, the Company operates from various offices in India and does not have any manufacturing plant.

Registrar and Transfer Agents
Karvy Computershare Private Limited

Unit: Mahindra & Mahindra Financial Services Limited
Karvy Selenium, Tower B,
Plot No. 31-32, Gachibowli,
Financial District, Nanakramguda,
Hyderabad – 500 032.
Tel.: +91 40 67162222
Fax: +91 40 2300 1153
Email: **support@karvy.com;**
einward.ris@karvy.com

The Registrar and Transfer Agents also have an office at:

Karvy Computershare Private Limited

24-B, Raja Bahadur Mansion,
Ground Floor, 6 Ambalal Doshi Marg,
Behind BSE, Fort,
Mumbai - 400 023.
Tel.: + 91 22 66235412/427

Share Transfer System

Trading in Equity Shares of the Company is permitted only in dematerialised form. Shares sent for transfer in physical form are registered and returned within a period of 15 days from the date of receipt of the documents, provided the documents are valid and complete in all respects. With a view to expediting the process of share transfer any two of Mr. Ramesh Iyer, Vice–Chairman & Managing Director, Mr. V. S. Parthasarathy, Non-Executive Non-Independent Director, Mr. V. Ravi, Executive Director & Chief Financial Officer and Ms. Arnavaz M. Pardiwala, Company Secretary & Company Officer are authorised jointly to approve transfers of upto 15,000 Equity Shares per transfer provided the transferee does not hold more than 5,00,000 Equity Shares in your Company. The Stakeholders Relationship Committee meets as and when required to inter alia, consider other requests for transfer/transmission of shares, issue of duplicate share certificates and attend to grievances of the security holders of the Company, etc.

Secretarial Audit/Reconciliation of Share Capital Audit

KSR & Co., Company Secretaries LLP has conducted a Secretarial Audit of the Company for the year 2016-17. The Audit Report confirms that your Company has complied with the applicable provisions of the Act and the Rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, applicable RBI Regulations, Listing Agreements with the Stock Exchanges, applicable SEBI Regulations and other laws applicable to the Company. The Secretarial Audit Report forms part of the Board's Report.

Pursuant to Regulation 40(9) of the Listing Regulations certificates have been issued on a half-yearly basis, by a qualified Company Secretary in Practice, certifying due compliance of share transfer formalities by the Company.

A qualified Practicing Company Secretary carries out a quarterly Reconciliation of Share Capital Audit, to reconcile the total admitted Equity Share capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed Equity Share capital. The audit confirms that the total issued/ paid-up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialised form held with NSDL and CDSL.

Address for Correspondence

Shares

Shareholders may correspond with the Registrar and Transfer Agents at:

Karvy Computershare Private Limited
Unit: Mahindra & Mahindra Financial Services Limited
Karvy Selenium, Tower B,
Plot No. 31-32, Gachibowli,
Financial District, Nanakramguda,
Hyderabad – 500 032.
Tel. : +91 40 6716 2222
Fax : +91 40 2300 1153
Email : support@karvy.com;
einward.ris@karvy.com

on all matters relating to transfer, transmission, dematerialisation of shares, payment of dividend, change of address, change in Bank details and any other query relating to the Equity Shares of the Company.

Shareholders would have to correspond with the respective Depository Participants for shares held in dematerialised mode.

Non-Convertible Debentures

Karvy Computershare Private Limited also acts as Registrar and Transfer Agents for the Listed Debentures of the Company. Complaints or queries/requests relating to Public Issue of Debentures can be forwarded to Mr. Umesh Pandey at the same address as mentioned above. Email Id: mahindrafinance.ncdipo1@karvy.com. Tel : +91 40 6716 1595. Complaints or queries/requests with respect to the Company's Privately Placed Debentures may be directed to Mr. Hanumantha Rao Patri, email Id: einward.ris@karvy.com. Tel. : +91 40 6716 1602.

Fixed Deposits

For the purpose of registering queries/complaints/requests in respect of Fixed Deposits of the Company, the investors are requested to correspond with the Company at the following address:

Mahindra & Mahindra Financial Services Limited,
FD Processing Centre,
New No. 86, Old No. 827,
Dhun Building, 2nd Floor,
Anna Salai,
Chennai - 600 002.
Toll Free No. 1800 233 5678
Email Id: mfinfd@mahindra.com

For all investor related matters, the Executive Director & Chief Financial Officer or the Company Secretary & Compliance Officer can be contacted at:

Mahindra Towers, 4th Floor, P. K. Kurne Chowk,
Worli, Mumbai - 400 018.
Tel.: +91 22 66526000
Fax: +91 22 24984170
Email Id: investorhelpline_mmfsl@mahindra.com

Your Company can also be visited at its website: **http://www.mahindrafinance.com**

DECLARATION BY THE MANAGING DIRECTOR UNDER REGULATION 34(3) READ WITH PARAGRAPH D OF SCHEDULE V OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To
The Members of
Mahindra & Mahindra Financial Services Limited

I, Ramesh Iyer, Vice-Chairman & Managing Director of Mahindra & Mahindra Financial Services Limited declare that all the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended 31st March, 2017.

For **Mahindra & Mahindra Financial Services Limited**

Ramesh Iyer
Vice-Chairman & Managing Director

Place: Mumbai
Date : 25th April, 2017

ANNEXURE A

CEO/CFO Certification

To,
The Board of Directors
Mahindra & Mahindra Financial Services Limited

We, the undersigned, in our respective capacities as Vice-Chairman & Managing Director and Executive Director & Chief Financial Officer of Mahindra & Mahindra Financial Services Limited ("the Company"), to the best of our knowledge and belief certify that:

a) We have reviewed financial statements and the cash flow statement for the financial year ended 31st March, 2017 and that to the best of our knowledge and belief:

   (i) these statements do not contain any materially untrue statement or omit any material fact nor do they contain statements that might be misleading;

   (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d) We have indicated to the Auditors and the Audit Committee that:

   (i) there have been no significant changes in internal control over financial reporting during this year;

   (ii) there have been no significant changes in accounting policies during this year; and

   (iii) there have been no instances of significant fraud of which we have become aware and the involvement therein of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Ramesh Iyer	**V. Ravi**
Vice-Chairman & Managing Director	Executive Director & Chief Financial Officer

Place: Mumbai
Date : 25th April, 2017

INDEPENDENT AUDITORS' CERTIFICATE ON COMPLIANCE WITH CONDITIONS OF CORPORATE GOVERNANCE

To the Members of
Mahindra & Mahindra Financial Services Limited

We have examined the compliance of conditions of Corporate Governance by **Mahindra & Mahindra Financial Services Limited ('the Company'),** for the year ended 31st March, 2017, as per Regulations 17-27, clauses (b) to (i) of Regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

Management's Responsibility

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

Auditors' Responsibility

We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, we report that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations during the year ended 31st March, 2017.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Restrictions on use

This Certificate is issued solely for the purpose of complying with the aforesaid Regulations and may not be suitable for any other purpose.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No: 044784

Mumbai, 25th April, 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of
Mahindra & Mahindra Financial Services Limited

REPORT ON THE STANDALONE FINANCIAL STATEMENTS

1. We have audited the accompanying standalone financial statements of **Mahindra & Mahindra Financial Services Limited** ("the Company"), which comprise the balance sheet as at March 31, 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 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 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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

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

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 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 financial statements.

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

OPINION

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2017, and its profit and its cash flows for the period from April 1, 2016 to March 31, 2017.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

10. As required by Section 143(3) of the Act, we report that:

    a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

    b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;

    d. in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

e. on the basis of written representations received from the directors as on March 31, 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 standalone financial statements – Refer Note 44 to the standalone financial statements.

   ii. The Company does not have any long-term contracts including derivative contracts for which there are any material foreseeable losses that need provision.

   iii. There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Company.

   iv. The Company has provided requisite disclosures in its standalone 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 disclosures are in accordance with books of account maintained by the company and as provided by the management – Refer Note no. 42. However, as stated in notes to the standalone financial statements the Company has received amount aggregating Rs. 10.78 Lakh from transactions which are not permitted;

For **B. K. Khare and Co.**
Chartered Accountants
Firm's Registration Number 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Place: Mumbai
Date: 25th April, 2017

ANNEXURE I TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the standalone financial statements of **Mahindra & Mahindra Financial Services Limited** for the year ended March 31, 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 title deeds of immovable properties are held in the name of the Company.

II. The Company is in the business of providing Non Banking Financial Services and consequently, does not hold any inventory. Hence, para 3(ii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.

III. There are no companies, firms or other parties covered in the register maintained under section 189 of Companies Act, 2013. Therefore, para 3(iii) (a), (b) & (c) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.

IV. The provisions of section 185 of the Act are not applicable to the Company. The Company has complied with the provisions of section 186 of the Act to the extent applicable.

V. The Company is a non banking finance company and consequently is exempt from provisions of section 73, 74, 75 and 76 of the Act. Hence, para 3(v) of the Order is not applicable to the Company.

VI. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.

VII. (a) According to the records of the Company and information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, service tax, duty of customs, value added tax, cess and other applicable statutory dues with the appropriate authorities.

(b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Service Tax, duty of customs and Value Added Tax and other material statutory dues that were outstanding, at the year-end for a period of more than six months from the date they became payable.

(c) except for the following cases, there are no disputed dues of income tax or service tax or duty of customs or value added tax which have not been deposited with the relevant authority.

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	126.80	2003-04	Income Tax Appellant Tribunal
Income Tax Act, 1961	Income Tax penalty	59.33	2003-04	Income Tax Appellant Tribunal
Income Tax Act, 1961	Income Tax	523.28	2005-06	Commissioner of Income tax (Appeal)
Income Tax Act, 1961	Income Tax	781.29	2006-07	Commissioner of Income tax (Appeal)
Income Tax Act, 1961	Income Tax	72.82	2007-08	Commissioner of Income tax (Appeal)
Income Tax Act, 1961	Income Tax	7.86	2010-11	Commissioner of Income tax (Appeal)
Value Added Tax	Value Added Tax	123.57	April 2008 to Oct 2013	Andhra Pradesh High Court
Maharashtra VAT Act	Value Added Tax	242.31	2010-11	Dy. Commissioner of Sales Tax, Maharashtra
Madhya Pradesh VAT Act	Value Added Tax	0.42	2013-14	Appellate Authority of Commercial Authority
Madhya Pradesh VAT Act	Value Added Tax	1.35	2014-15	Appellate Authority of Commercial Authority
Finance act, 1994	Service tax	5,342.34	2008-13	CESTAT (tribunal)
Finance act, 1994	Service tax	70.32	2008-13	Commissioner (Appeals – I), Mumbai

VIII. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not defaulted in repayment of any dues from financial 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, during the year, the Company has raised moneys by way of public issue of Non-convertible Debentures.

In our opinion, and according to the information and explanations given to us, during the year, the amounts raised by way of public issue of non convertible debentures and term loans have been applied for the purpose for which they were obtained.

X. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, except for 176 cases aggregating Rs. 397.06 Lakhs, we have neither come across any instance of fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such case by the Management.

XI. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has paid or provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

XII. The Company is not a 'Nidhi Company', therefore, para 3(xii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.

XIII. On the basis of examination of relevant records and according to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Act, where applicable. The Company has disclosed the details of transactions with related parties in the Standalone financial statements as required by the applicable accounting standards.

XIV. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit, therefore, para 3(xiv) of the Order is not applicable to the company.

XV. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of 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 required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and holds a valid certificate of registration under the same.

For **B. K. Khare and Co.**
Chartered Accountants
Firm's Registration Number 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Place: Mumbai
Date: 25th April, 2017

ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED

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

We have audited the internal financial controls over financial reporting of **Mahindra & Mahindra Financial Services Limited** ("the Company") as of March 31, 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 may not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 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's Registration Number 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Place: Mumbai
Date: 25th April, 2017

BALANCE SHEET AS AT MARCH 31, 2017

Particulars	Note No.	Rs. in Lakhs As at March 31 2017	2016
I. EQUITY & LIABILITIES			
1) **Shareholders' funds**			
a) Share capital	1	**11,300.83**	11,292.03
b) Reserves and surplus	2	**6,36,423.59**	5,97,518.70
		6,47,724.42	6,08,810.73
2) **Non-current liabilities**			
a) Long-term borrowings	3	**21,45,371.00**	17,33,167.65
b) Other long-term liabilities	4	**42,740.10**	43,262.99
c) Long-term provisions	5	**54,890.35**	44,820.99
		22,43,001.45	18,21,251.63
3) **Current liabilities**			
a) Short-term borrowings	6	**5,86,476.76**	4,34,689.28
b) Trade payables	7		
(i) Micro and Small Enterprises		**–**	–
(ii) Other than Micro and Small Enterprises		**66,296.01**	47,883.60
c) Other current liabilities	8	**8,93,355.26**	8,94,622.42
d) Short-term provisions	9	**1,61,669.29**	1,50,690.26
		17,07,797.32	15,27,885.56
Total		**45,98,523.19**	39,57,947.92
II. ASSETS			
1) **Non-current assets**			
a) Fixed assets	10		
i) Tangible assets		**10,843.54**	10,791.91
ii) Intangible assets		**307.93**	555.30
iii) Capital work-in-progress		**49.09**	1.85
b) Non-current investments	11	**1,31,173.39**	99,233.39
c) Deferred tax assets (net)	12	**73,166.69**	58,527.64
d) Long-term loans and advances	13	**22,25,984.99**	18,52,646.57
e) Other non-current assets	14	**11,223.88**	5,176.44
		24,52,749.51	20,26,933.10
2) **Current assets**			
a) Current investments	15	**57,775.01**	49,100.67
b) Trade receivables	16	**582.70**	511.24
c) Cash and bank balances	17	**57,806.50**	58,521.46
d) Short-term loans and advances	18	**20,26,351.66**	18,13,510.00
e) Other current assets	19	**3,257.81**	9,371.45
		21,45,773.68	19,31,014.82
Total		**45,98,523.19**	39,57,947.92
Summary of significant accounting policies and notes to the financial statements	**I & II**		

The notes referred to above form an integral part of the Balance Sheet.
This is the Balance Sheet referred in our report of even date.

For **B. K. Khare & Co.**
Chartered Accountants
FRN:105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

V. Ravi
Executive Director &
Chief Financial Officer

Arnavaz Pardiwala
Company Secretary

Dhananjay Mungale Chairman
Ramesh Iyer *Vice-Chairman & Managing Director*
M. G. Bhide *Director*
Piyush Mankad *Director*
C.B. Bhave *Director*
Rama Bijapurkar *Director*
V. S. Parthasarathy *Director*
Dr. Anish Shah *Director*

Place: Mumbai
Date: 25th April, 2017

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

Rs. in Lakhs

		Note No.	Year ended March 31 2017	2016
I.	Revenue from operations	20	**6,17,391.06**	5,85,316.11
II.	Other income	21	**6,362.76**	5,193.94
III.	**Total Revenue (I + II)**		**6,23,753.82**	5,90,510.05
IV.	**Expenses:**			
	Employee benefits expense	22	**68,089.71**	55,880.74
	Finance costs	23	**2,85,742.70**	2,63,929.19
	Depreciation and amortization expenses	24	**4,602.14**	4,088.81
	Loan provisions and write offs	25	**1,30,912.67**	1,04,952.98
	Other expenses	26	**72,399.77**	57,840.20
	Total Expenses		**5,61,746.99**	4,86,691.92
V.	**Profit before exceptional items and taxes (III – IV)**		**62,006.83**	1,03,818.13
VI.	Exceptional items (net) – income/(expense)		**–**	–
VII.	**Profit before tax (V ± VI)**		**62,006.83**	1,03,818.13
VIII.	**Tax expense:**			
	Current tax		**36,350.00**	53,560.00
	Deferred tax		**(14,366.66)**	(17,001.47)
			21,983.34	36,558.53
IX.	**Profit/(Loss) for the year (VII – VIII)**		**40,023.49**	67,259.60
X.	**Earnings per equity share (Rupees):**	28 (h)		
	(Face value – Rs. 2/- per share)			
	(1) Basic		**7.09**	11.92
	(2) Diluted		**7.04**	11.83
	Summary of significant accounting policies and notes to the financial statements	**I & II**		

The notes referred to above form an integral part of the Balance Sheet.
This is the Statement of Profit and Loss referred in our report of even date.

For **B. K. Khare & Co.**
Chartered Accountants
FRN:105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Place: Mumbai
Date: 25th April, 2017

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C.B. Bhave *Director*
Rama Bijapurkar *Director*
V. S. Parthasarathy *Director*
Dr. Anish Shah *Director*

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

		Rs. in Lakhs	
		Year ended March 31	
		2017	2016
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxes and contingencies and exceptional items		**62,006.83**	1,03,818.13
Add/(Less): Non Cash Expenses:			
Depreciation and amortisation expense		**4,602.14**	4,088.81
Provision for Non-performing assets		**44,233.45**	52,596.10
Bad debts and write offs		**84,500.16**	51,003.24
General provision for Standard assets		**2,180.00**	1,353.00
Higher provision & provision for diminution in the fair value of restructured advances		**(0.94)**	0.64
Employee compensation expense on account of ESOP Scheme		**879.82**	1,431.06
		1,36,394.63	1,10,472.85
Add/(Less): Income considered separately			
Income on investing activities		**(6,686.96)**	(5,779.77)
(Profit)/Loss on sale of assets		**(15.24)**	(107.10)
(Profit)/Loss on sale of current investments		**(88.48)**	–
Income from Assignment/Securitisation transactions		**(11,936.72)**	(20,633.45)
		(18,727.40)	(26,520.32)
Operating profit before working capital changes	(I)	**1,79,674.06**	1,87,770.66
Add/Less: Working capital changes			
(Increase)/Decrease in interest accrued others		**2,740.80**	(1,543.10)
(Increase)/Decrease in Trade receivables		**(71.46)**	56.01
(Increase)/Decrease in Loans and advances		**(6,93,424.75)**	(5,09,152.36)
		(6,90,755.41)	(5,10,639.45)
Add: Increase/(Decrease) in current liabilities		**60,566.23**	42,617.63
	(II)	**(6,30,189.18)**	(4,68,021.82)
Cash generated from/(used in) operations	(I+II)	**(4,50,515.12)**	(2,80,251.16)
Advance taxes paid		**(42,750.27)**	(57,890.09)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES (A)		**(4,93,265.39)**	(3,38,141.25)
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed Assets/software		**(4,546.05)**	(4,321.27)
Sale of fixed assets		**93.96**	227.29
Purchase of investments other than investments in Subsidiaries and Joint Ventures		**(5,23,396.69)**	(2,28,979.53)
Investments in Subsidiary Companies		**(14,455.00)**	(9,457.22)
Investments in Joint Venture Company		**(3,111.84)**	(4,530.31)
Investments in/maturity of term deposits with banks		**12,452.00**	10,913.77
Sale of investments		**5,00,437.67**	1,80,000.00
Income received from investing activities		**6,525.24**	5,505.25
(Increase)/Decrease in Earmarked balances with banks		**(0.53)**	5.56
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES (B)		**(26,001.24)**	(50,636.46)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

	Rs. in Lakhs	
	Year ended March 31	
	2017	2016
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Equity shares (net of issue expenses)	**(1,474.94)**	306.04
Increase/(Decrease) in Bank borrowings (net)	**(1,07,685.09)**	(1,22,402.47)
Increase/(Decrease) in Long term borrowings (net)	**5,55,850.00**	4,72,325.00
Increase/(Decrease) in Short term borrowings (net)	**1,13,775.00**	(41,425.00)
Increase/(Decrease) in Fixed deposits (net)	**(40,130.21)**	10,402.96
Proceeds from Assignment/Securitisation transactions (in the form of EIS, Collection charges recovered etc.)	**45,708.90**	99,463.75
Dividend paid (including tax on dividend)	**(27,126.87)**	(27,174.62)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES (C)	**5,38,916.79**	3,91,495.66
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**19,650.16**	2,717.95
Cash and Cash Equivalents at the beginning of the year	**21,495.24**	18,777.29
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (refer note No. 17)	**41,145.40**	21,495.24
COMPONENTS OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at the end of the year		
- Cash on hand	**1,723.81**	1,872.37
- Cheques and drafts on hand	**1,258.49**	544.49
- Balances with banks in current accounts	**38,163.10**	19,078.38
Total Cash and cash equivalents (refer note no. 17)	**41,145.40**	21,495.24

Note: The above Cash Flow Statement has been prepared under the ‘Indirect method’ as set out in Accounting Standard 3 ‘Cash Flow Statement’.

For **B. K. Khare & Co.**
Chartered Accountants
FRN:105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Place: Mumbai
Date: 25th April, 2017

V. Ravi
Executive Director &
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Dr. Anish Shah *Director*

SIGNIFICANT ACCOUNTING POLICIES AND NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

1) Basis for preparation of financial statements:

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (IGAAP) under the historical cost convention as a going concern and on accrual basis and in accordance with the provisions of the Companies Act, 2013 and the Accounting Standards specified under section 133 of the Companies Act, 2013 ("the Act") read with rule 7 of the Companies (Accounts) Rules 2014 (as amended).

All assets and liabilities have been classified as current and non – current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

Further, the Company follows prudential norms for Income Recognition, assets classification and provisioning for Non-performing assets as well as contingency provision for Standard assets as prescribed by The Reserve Bank of India (RBI) for Non-Banking Financial Companies. The Company has a policy of making additional provision on a prudential basis (refer note no. 30 of notes to the financial statements)

2) Use of estimates:

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) as on the date of financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statement are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

3) Revenue recognition:

I. General:

Revenue is recognised as earned and accrued when it is reasonably certain that its ultimate collection will be made and the revenue is measureable.

II. Income from loans:

a) Interest Income from loan transactions is accounted for by applying the interest rate implicit in such contracts.

b) Service charges, documentation charges and other fees on loan transactions are recognised at the commencement of the contract.

c) Delayed payment charges, fee based income and Interest on trade advances, are recognised when they become measurable and when it is not unreasonable to expect their ultimate collection.

d) Income on business assets classified as Non-performing Assets, is recognised strictly in accordance with the guidelines issued by The Reserve Bank of India for Non-Banking Financial Companies. Unrealized interest recognized as income in the previous period is reversed in the month in which the asset is classified as Non-performing.

III. Subvention income:

Subvention received from manufacturers/dealers on vehicles financed is booked over the period of the contract.

IV. Income from assignment/securitization transactions:

A. Income accounted prior to the issuance of RBI Circular dated August 21, 2012 (the Circular):

i. In case of receivables assigned/securitised by the Company, the assets are de-recognised as all the rights, title, future receivables and interest thereof are assigned to the purchaser.

ii. On de-recognition, the difference between book value of the receivables assigned/securitised and consideration received as reduced by the estimated provision for loss/expenses and incidental expenses related to the transaction is recognised as gain or loss arising on assignment/securitisation.

iii. On the maturity of an underlying assignment/securitisation deal, estimated provision for loss/expenses and incidental expenses in respect of the said deal are reversed as the actual losses/expenses have already been debited to the Statement of profit and loss over the period.

B. Income accounted post the issuance of RBI Circular dated August 21, 2012 (the Circular):

i. Securitisation transactions:

a. Securitized receivables are de-recognized in the balance sheet when they are sold i.e. if they fully meet the true sale criteria.

b. Gains arising on securitisation of assets are recognised over the tenure of securities issued by Special Purpose Vehicles Trust (SPV).

c. Company's contractual rights to receive the share of future interest (i.e. interest spread) in the transferred assets from the SPV is capitalised at the present value as Interest Only (I/O) strip with a corresponding liability created for unrealised gains on loan transfer transactions. The excess interest spread on the securitisation transactions are recognised in the Statement of profit and loss only when it is redeemed in cash by the SPV. Losses, if any, are recognised upfront

ii. Assignment transactions:

a. Receivables under the assignment transactions are de-recognized in the balance sheet when they are sold subject to the portion of loan assets which is required under the Minimum Retention Criteria and reflected as Loans and Advances (refer note no. 13 and 18).

b. The amount of profit in cash on such transactions is held under an accounting head styled as "Cash profit on loan transfer transactions pending recognition" maintained on an individual transaction basis. The amortisation of cash profit arising out of loan assignment transaction is done at the end of every financial year based on the formula prescribed as per the Circular. The unamortized portion is reflected as "Other long-term liabilities"/"Other current liabilities" (refer note no. 4 and 8)

V. Income from investments:

a) Dividend from investments is accounted for as income when the right to receive dividend is established.

b) Interest income is accounted on accrual basis.

c) Interest income from investments made in structured instruments are accounted based on implicit rate built in such instruments.

4) Fixed assets, depreciation and amortization:

a) Tangible assets:

i. Tangible assets are stated at cost of acquisition (including incidental expenses), less accumulated depreciation.

ii. Assets held for sale or disposals are stated at the lower of their net book value and net realisable value.

b) Depreciation on Tangible assets:

Depreciation on tangible assets is charged on Straight Line Method (SLM) in accordance with the useful lives specified in Schedule II to the Companies Act, 2013 on a pro-rata basis except for following assets in respect of which useful life is taken as estimated by the management based on the actual usage pattern of the assets.

a) Assets costing less than Rs. 5000/- are fully depreciated in the period of purchase.

b) Vehicles used by employees are depreciated over the period of 48 months considering this period as the useful life of vehicle for the Company.

c) Repossessed assets, which are primarily used vehicles, that have been capitalised for own use are depreciated at the rate of 15% on SLM over the remaining useful life of these assets. The same have been grouped under the head 'Vehicles' forming part of Company's Tangible assets in note no. 10.

d) Residual value of the assets is considered as nil reflecting the estimate of realisable values at the end of the useful life of an asset.

c) Intangible assets:

Intangible assets are stated at cost less accumulated amortization and impairment loss, if any.

d) Amortization of Intangible assets:

Intangible assets comprises of computer software which is amortized over the estimated useful life. The maximum period for such amortization is taken as 36 months based on management's estimates of useful life.

5) Foreign exchange transactions and translations:

i. Initial recognition

Transactions in foreign currencies are recognised at the prevailing exchange rates between the reporting currency and a foreign currency on the transaction dates.

ii. Conversion

a. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of profit and loss.

b. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

iii. Exchange differences

The Company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below:

a. Realized gains and losses on settlement of foreign currency transactions are recognised in the Statement of profit and loss.

b. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of profit and loss.

iv. Forward exchange and other derivative contracts entered in to hedge foreign currency risk of an existing assets/ liabilities

a. In case of forward contracts with underlying assets or liabilities, the difference between the forward rate and the exchange rate which is either a premium or discount arising at the inception of a forward contract is amortised over the life of the contract. Unamortised forward premium as at the year end is reflected as Other long-term/short-term liabilities depending on the period over which the premium is amortised.

b. Any profit or loss arising on cancellation or renewal of forward exchange contracts are recognised as income or expense for the period.

c. As per the risk management policy, the Company has taken foreign currency swap to cover the risk exposure on account of foreign currency loans. These transactions are structured in such a way that the Company's foreign currency liability is crystallized at a rate of exchange prevailing on the date of taking the swap. The foreign currency loans are valued at the exchange rate prevailing on the reporting date. Foreign currency swaps are marked to market on reporting date and resultant gain or loss is charged to Statement of profit and loss.

d. Cross currency Interest rate swaps in the nature of hedge, taken to manage currency risk as well as interest rate risk on foreign currency liabilities, whereby variable interest rate in foreign currency is swapped for fixed interest rate in Indian rupees or vice-versa. Such Interest rate swaps are marked to market at each reporting date and resultant gain or loss is recognised in Statement of profit and loss.

6) Investments:

In terms of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998, Investments held as long-term investments are generally carried at cost comprising of acquisition and incidental expenses. Long-term investments in structured instruments are carried at cost less principal repayments till reporting date. Provision for diminution in value of investments, if any, is made if in the opinion of management, such diminution is other than temporary. Any premium on acquisition is amortised over the remaining maturity of the security on a constant yield to maturity basis. Such amortisation of premium is adjusted against interest income from investments. The book value of the investments is reduced to the extent of amount amortised during the relevant accounting period.

Investments other than long-term investments are classified as current investments and valued at lower of cost or fair value.

7) Loans against assets:

Loans against assets are stated at agreement value net of instalments received less unmatured finance charges.

8) Employee benefits:

(a) Contribution to provident fund -

Company's contribution paid/payable during the year to provident fund is recognised in the Statement of profit and loss.

(b) Gratuity -

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated period mentioned under 'The Payment of Gratuity Act, 1972'. The Company accounts for liability of future gratuity benefits based on an external actuarial valuation on projected unit credit method carried out for assessing liability as at the reporting date. Actuarial gains/ losses are immediately taken to the Statement of profit and loss and are not deferred.

(c) Superannuation -

The Company makes contribution to the Superannuation scheme, a defined contribution scheme, administered by Life Insurance Corporation of India, which are charged to the Statement of profit and loss. The Company has no obligation to the scheme beyond its contributions.

(d) Leave encashment/compensated absences/sick leave -

The Company provides for the encashment/availment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment/availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation.

9) Borrowing costs:

Borrowing costs are charged to the Statement of profit and loss. Ancillary expenditure incurred in connection with the arrangement of borrowings is amortised over the tenure of the respective borrowings.

10) Current and deferred tax:

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods is accounted for using the tax rates and tax laws enacted or substantively enacted as on the balance sheet date. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Other deferred tax assets are recognised only when there is a reasonable certainty of their realisation.

11) Securities issue expenses:

Expenses incurred in connection with fresh issue of Share capital and public issue of debt securities are adjusted against Securities premium reserve as per the provisions of section 52 of the Companies Act, 2013.

12) Impairment of assets:

The carrying value of assets/cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life to their present value based on an appropriate discount factor.

13) Provisions and contingent liabilities:

Provisions are recognised when there is a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

14) Employee Stock Compensation Costs:

Measurement and disclosure of the Employee Share-based Payment plans is done in accordance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, issued by ICAI. The Company measures compensation cost relating to employee stock options using the Intrinsic value method (i.e. excess of market value of shares over the exercise price of the option at the date of grant). Compensation cost is amortized over the vesting period of the option on a straight line basis. The options which have lapsed are reversed by a credit to Employee compensation cost, equal to the amortised portion of value of lapsed portion and credit to Deferred employee compensation cost equal the unamortised portion.

15) Lease:

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals in respect of assets taken on operating lease arrangements are recognized as per the terms of the lease.

16) Earnings Per Share:

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares etc. that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

NOTES TO THE FINANCIAL STATEMENTS:

1. Share capital

Rs. in Lakhs

	As at March 31 2017	2016
Authorised capital:		
70,00,00,000 equity shares of Rs. 2/- each	**14,000.00**	14,000.00
50,00,000 Redeemable preference shares of Rs. 100/- each	**5,000.00**	5,000.00
Issued capital:		
56,87,64,960 equity shares of Rs. 2/- each	**11,375.30**	11,375.30
Subscribed and paid-up capital:		
56,87,64,960 equity shares of Rs. 2/- each fully paid up	**11,375.30**	11,375.30
Less: Shares issued to ESOS Trust but not allotted to employees	**74.47**	83.27
(37,23,298 equity shares of Rs.2/- each (March 31, 2016 : 41,63,582 equity shares of Rs.2/- each))		
Total	**11,300.83**	11,292.03

	As at March 31 2017 Number of shares	Rs. in Lakhs	2016 Number of shares	Rs. in Lakhs
a) Reconciliation of number of equity shares:				
Balance at the beginning of the year	**56,87,64,960**	**11,375.30**	56,87,64,960	11,375.30
Fresh allotment of shares	**–**	**–**	–	–
Balance at the end of the year	**56,87,64,960**	**11,375.30**	56,87,64,960	11,375.30
b) Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries/associates:				
Holding company: Mahindra & Mahindra Limited	**29,12,07,660**	**5,824.15**	29,12,07,660	5,824.15
Percentage of holding (%)	**51.20%**	**51.20%**	51.20%	51.20%
c) Shareholders holding more than 5 percent shares:				
Mahindra & Mahindra Limited	**29,12,07,660**	**5,824.15**	29,12,07,660	5,824.15
Percentage of holding (%)	**51.20%**	**51.20%**	51.20%	51.20%

d) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs.2/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the board of directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

e) Shares issued to ESOS Trust

The Guidance note issued by The Institute of Chartered Accountants of India on accounting for employee share-based payment requires that shares allotted to a Trust but not transferred to the employees be reduced from Share capital and Reserves. Accordingly, the Company has reduced the Share capital by Rs. 15.71 Lakhs (March 31, 2016 : Rs. 15.71 Lakhs) in respect of 785275 equity shares of face value of Rs.2/- each (March 31, 2016 : 785275 equity shares of face value of Rs.2/- each) and Securities premium reserve by Rs. 64.39 Lakhs (March 31, 2016 : Rs. 64.39 Lakhs) in respect of 7,85,275 equity shares (March 31, 2016 : 7,85,275 equity shares) pertaining to Employee Stock Option Scheme 2005 and reduced the Share capital by Rs. 58.76 Lakhs (March 31, 2016 : Rs. 67.56 Lakhs) in respect of 2938023 equity shares of face value of Rs.2/- each (March 31, 2016 : 3378307 equity shares of face value of Rs.2/- each) pertaining to Employee Stock Option Scheme 2010 held by the Trust, as at the year-end pending allotment of shares to eligible employees.

2. Reserves and surplus

Rs. in Lakhs

	As at March 31 2017	2016
Capital redemption reserve:		
Balance as at the beginning of the year	**5,000.00**	5,000.00
Add: Transfers during the year	**–**	–
	5,000.00	5,000.00
Less: Deductions during the year	**–**	–
Balance as at the end of the year	**5,000.00**	5,000.00
Securities premium reserve:		
Balance as at the beginning of the year	**2,03,252.40**	2,02,324.25
Add: Additions during the year on account of -		
i) Exercise of employee stock options	**1,029.01**	928.15
ii) Fresh issue of shares	**–**	–
	2,04,281.41	2,03,252.40
Less: Deductions during the year in respect of expenses related to public issue of Non-convertible Debentures (refer note no.29)	**1,653.42**	–
Balance as at the end of the year	**2,02,627.99**	2,03,252.40
Less: Premium on shares issued to ESOS Trust but not allotted to employees (refer note no.1 (e))	**64.39**	64.39
Net balance	**2,02,563.60**	2,03,188.01
Statutory reserve pursuant to Section 45-IC of The RBI Act, 1934		
Balance as at the beginning of the year	**1,11,620.62**	98,168.62
Add: Transfers from Surplus in the Statement of Profit and Loss	**8,005.00**	13,452.00
	1,19,625.62	1,11,620.62
Less: Deductions during the year	**–**	–
Balance as at the end of the year	**1,19,625.62**	1,11,620.62
General reserve:		
Balance as at the beginning of the year	**51,220.78**	44,494.78
Add: Transfers from Surplus in the Statement of Profit and Loss	**4,003.00**	6,726.00
	55,223.78	51,220.78
Less: Deductions during the year	**–**	–
Balance as at the end of the year	**55,223.78**	51,220.78

	Rs. in Lakhs As at March 31 2017	2016
Debenture Redemption Reserve (DRR):		
Balance as at the beginning of the year	–	–
Add: Transfers during the year representing creation of DRR at the rate of 25% on a proportionate basis over the tenor of debentures issued to public (refer note no.29)	2,649.86	–
	2,649.86	–
Less: Deductions during the year	–	–
Balance as at the end of the year	2,649.86	–
Employees stock options outstanding :		
A) Employees stock options outstanding -		
Balance as at the beginning of the year	4,435.68	5,241.45
Add: Fresh grant of options	771.99	139.10
	5,207.67	5,380.55
Less: Transfers/reversals during the year		
i) Transfers to Securities premium reserve on exercise of options	1,029.01	928.15
ii) Reversals for options lapsed	64.08	16.72
Balance as at the end of the year (A)	4,114.58	4,435.68
B) Deferred employee compensation :		
Balance as at the beginning of the year	1,994.35	3,599.85
Add: Fresh grant of options	771.99	139.10
	2,766.34	3,738.95
Less: Amortisation during the year		
i) Transfers to employee compensation expenses	1,049.50	1,727.88
ii) Reversals for options lapsed	64.08	16.72
Balance as at the end of the year (B)	1,652.76	1,994.35
Balance as at the end of the year (A-B)	2,461.82	2,441.33
Surplus in Statement of profit and loss :		
Balance as at the beginning of the year	2,24,047.96	2,04,093.23
Less : Transitional charge in respect of Mark to market loss on derivative transactions outstanding as at April 01, 2016 as per Guidance note on Accounting for Derivative Transactions issued by the Institute of Chartered Accountants of India (refer note no.35)	514.68	–
	2,23,533.28	2,04,093.23
Add : Profit for the year transferred from the Statement of profit and loss	40,023.49	67,259.60
	2,63,556.77	2,71,352.83
Less : Appropriations :		
General reserve	4,003.00	6,726.00
Statutory reserve as per Section 45-IC of The RBI Act, 1934	8,005.00	13,452.00
Debenture redemption reserve (refer note no.29)	2,649.86	–
Proposed dividend on equity shares	–	22,750.60
Corporate dividend tax on equity shares	–	4,376.27
	14,657.86	47,304.87
Balance as at the end of the year	2,48,898.91	2,24,047.96
Total	6,36,423.59	5,97,518.70

3. Long-term borrowings

		Rs. in Lakhs As at March 31 2017	2016
a)	**Secured – #**		
	Non-convertible debentures (refer note no. 47 (i) (a)) $	11,77,330.00	7,30,390.00
	Term loans:		
	- from banks (refer note no. 47 (ii) (a))	4,86,131.28	5,34,273.81
	Foreign currency loans from banks (refer note no. 47 (iii) (a))	47,460.87	53,227.83
	Total	17,10,922.15	13,17,891.64
b)	**Unsecured -**		
	Unsecured bonds (Subordinate debts) (refer note no. 48 (i) (a)) $	2,11,530.00	1,18,410.00
	Fixed deposits (refer note no. 48 (iv) (b))	2,22,918.85	2,96,866.01
	Total	4,34,448.85	4,15,276.01
	Total (a+b)	21,45,371.00	17,33,167.65

All secured loans/debentures are secured by paripassu charges on Aurangabad office and exclusive charge on receivables under loan contracts, owned assets and book debts to the extent of 100% of outstanding secured loans/debentures.

$ The funds raised by the Company during the year by Issue of Secured/ Unsecured Non Convertible Debentures/bonds were utilised for the purpose intended, i.e. towards lending, financing, to refinance the existing indebtedness of the Company or for long-term working capital, in compliance with applicable laws.

4. Other long-term liabilities

	Rs. in Lakhs As at March 31 2017	2016
Deposits/advances received against loan agreements (refer note no. 33)	3,932.57	2,338.12
Interest accrued but not due on borrowings	33,437.36	31,390.82
Deferred subvention income	2,535.73	2,296.12
Unrealised gains on loan transfers under securitisation transactions (refer note no. 36(c))	2,471.88	4,730.46
Cash profit on loan transfers under assignment transactions pending recognition	1.34	5.64
Derivative contract payables	361.22	–
Deferred premium payable to bank under forward exchange contracts on FCNR loans	–	2,501.83
Total	42,740.10	43,262.99

5. Long-term provisions

	Rs. in Lakhs As at March 31 2017	2016
Provisions for employee benefits (refer note no. 34)	2,423.59	1,000.81
<u>**Others -**</u>		
- Provisions for Non-performing assets (refer note no. 30 (a))	43,426.43	36,337.76
- Contingent provisions for Standard assets (refer note no. 30 (b))	9,030.00	7,470.00
- Higher provisions on restructured standard advances	7.30	8.52
- Provisions for diminution in the fair value of restructured advances	3.03	3.90
Total	54,890.35	44,820.99

6. Short term borrowings

Rs. in Lakhs

		As at March 31 2017	2016
a)	**Secured #**		
	Term loans from banks (refer note no.49 (i))	**70,600.00**	28,100.00
	Cash credit facilities with banks (refer note no.49 (i))	**62,090.05**	81,834.60
	Total	**1,32,690.05**	1,09,934.60
b)	**Unsecured -**		
	Loans from banks :		
	– Term loans (refer note no.48 (ii) (a))	**7,400.00**	–
	Loans and advances from related parties (ICDs) (refer note no.48 (iii) (a))	**55,200.00**	30,925.00
	Fixed deposits (refer note no. 48 (iv) (a))	**25,686.71**	17,829.68
	Commercial Papers (CPs) (refer note no. 49 (ii))	**3,65,500.00**	2,76,000.00
	Total	**4,53,786.71**	3,24,754.68
	Total (a+b)	**5,86,476.76**	4,34,689.28

All secured loans are secured by paripassu charges on Aurangabad office and exclusive charge on receivables under loan contracts, owned assets and book debts to the extent of 100% of outstanding secured loans.

7. Trade payables

Rs. in Lakhs

		As at March 31 2017	2016
(i)	Micro and Small Enterprises (refer note no. 46)	**–**	–
(ii)	Other than Micro and Small Enterprises		
	- Finance	**45,196.48**	31,995.87
	- Expenses	**21,099.53**	15,887.73
	Total	**66,296.01**	47,883.60

8. Other current liabilities

Rs. in Lakhs

		As at March 31 2017	2016
Current maturities of long-term debt			
a)	**Secured #**		
	Non-convertible debentures (refer note no.47 (i) (b)) $	**2,43,380.00**	2,34,470.00
	Foreign currency loans from banks (refer note no. 47 (iii) (b))	**52,099.08**	26,932.51
	Term loans from banks (refer note no.47 (ii) (b))	**2,43,142.86**	3,42,240.48
		5,38,621.94	6,03,642.99
b)	**Unsecured –**		
	Unsecured bonds (subordinate debts) (refer note no. 48 (i) (b)) $	**6,880.00**	–
	Fixed deposits (refer note no. 48 (vii) (c))	**1,89,690.58**	1,63,730.66
	Term loans from banks ((refer note no.48 (ii) (b))	**–**	10,000.00
		1,96,570.58	1,73,730.66

Rs. in Lakhs

	As at March 31 2017	2016
Interest accrued but not due on borrowings	**95,250.48**	58,168.59
Unclaimed dividends ^	**52.66**	52.14
Unclaimed matured deposits and interest accrued thereon ^	**376.37**	382.63
Unclaimed interest on subordinated debentures (retail issue) ^	**0.05**	–
Deposits/advances received against loan agreements (refer note no.33)	**5,209.69**	1,581.54
Amount received in advance from ESOS trust	**138.86**	147.66
Credit balances in current accounts with banks as per books	**23159.97**	21797.89
Deferred subvention income	**2,076.62**	2,108.73
Unrealised gains on loan transfers under securitisation transactions (refer note no.36(c))	**17,300.26**	20,665.25
Cash profit on loan transfers under assignment transactions pending recognition	**3.32**	17.93
Insurance premium payable	**2,413.93**	2,947.33
Payables under assignment/securitisation transactions	**3,305.85**	1,871.91
Taxes deducted at source (TDS) and Service tax liability	**3,242.27**	3,154.82
Derivative contract payables	**259.45**	–
Deferred premium payable to bank under forward exchange contracts on FCNR loans	**2,286.21**	2,181.64
Others	**3,086.75**	2,170.71
Total	**8,93,355.26**	8,94,622.42

All secured loans/debentures are secured by paripassu charges on Aurangabad office and exclusive charge on receivables under loan contracts, owned assets and book debts to the extent of 100% of outstanding secured loans/debentures.

^ Investor Education and Protection Fund shall be credited with the unclaimed amount as and when due for transfer.

$ The funds raised by the Company during the year by Issue of Secured/Unsecured Non Convertible Debentures/bonds were utilised for the purpose intended, i.e. towards lending, financing, to refinance the existing indebtedness of the Company or for long-term working capital, in compliance with Applicable Laws.

9. (a) Short-term provisions

Rs. in Lakhs

	As at March 31 2017	2016
Employee benefits (refer note no. 34)	**4,442.84**	4,102.88
Others –		
– Provision for Non-performing assets (refer note no. 30 (a))	**1,50,020.20**	1,12,875.42
– Contingent provisions for Standard assets (refer note no.30(b) (ii))	**7,185.00**	6,565.00
– Higher provision on restructured standard advances	**15.01**	13.79
– Provision for diminution in the fair value of restructured advances	**6.24**	6.30
– Proposed dividend on equity shares #	**–**	22,750.60
– Corporate dividend tax #	**–**	4,376.27
Total	**1,61,669.29**	1,50,690.26

(b) Proposed Dividend –

The Board of Directors have proposed a dividend of 120% at Rs.2.40 per share on equity share of Rs.2/- each (March 2016 : 200% at Rs.4.00 per equity share of face value of Rs.2.00 each) for the current financial year subject to approval of the members of the Company at the forthcoming Annual General Meeting. If approved by the members of the Company, the dividend will absorb a sum of Rs.16097.30 Lakhs (March 2016 : Rs.27126.87 Lakhs) including dividend distribution tax.

In terms of the revised Accounting Standard (AS) – 4 'Contingencies and Events occurring after Balance Sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, dated March 30, 2016, the Company has not accounted for proposed dividend for the current financial year as liability as at March 31, 2017. However, the proposed dividend was accounted for as liability as at March 31, 2016 in accordance with the then existing Accounting Standard. The Company has however adjusted the amount of proposed dividend for determining capital funds for computation of Capital Adequacy ratio as at March 31, 2017.

10. Fixed Assets

As at March 31, 2017

Rs. in Lakhs

	GROSS BLOCK AT COST				DEPRECIATION & AMORTISATION				NET BLOCK	
Asset description	As at April 01, 2016	Additions	Deductions/ adjustments	As at March 31, 2017	As at April 01, 2016	Additions	Deductions/ adjustments	As at March 31, 2017	As at March 31, 2017	As at April 01, 2016
i) Tangible assets:										
Premises	**108.92**	**–**	**–**	**108.92**	**21.24**	**1.82**	**–**	**23.06**	**85.86**	**87.68**
Computers	**5,548.51**	**1,468.63**	**258.25**	**6,758.89**	**4,086.17**	**981.22**	**257.72**	**4,809.67**	**1,949.22**	**1,462.34**
Furniture and fixtures	**7,359.26**	**390.12**	**78.92**	**7,670.46**	**3,608.92**	**779.35**	**57.40**	**4,330.87**	**3,339.59**	**3,750.34**
Vehicles	**5,745.17**	**995.77**	**712.32**	**6,028.62**	**3,348.47**	**936.42**	**662.52**	**3,622.37**	**2,406.25**	**2,396.70**
Office equipments	**7,318.80**	**1,124.35**	**208.76**	**8,234.39**	**4,223.95**	**1,149.71**	**201.89**	**5,171.77**	**3,062.62**	**3,094.85**
Total (i)	**26,080.66**	**3,978.87**	**1,258.25**	**28,801.28**	**15,288.75**	**3,848.52**	**1,179.53**	**17,957.74**	**10,843.54**	**10,791.91**
ii) Intangible assets:										
Computer software	**2,395.82**	**506.25**	**–**	**2,902.07**	**1,840.52**	**753.62**	**–**	**2,594.14**	**307.93**	**555.30**
Total (ii)	**2,395.82**	**506.25**	**–**	**2,902.07**	**1,840.52**	**753.62**	**–**	**2,594.14**	**307.93**	**555.30**
Total (i+ii)	**28,476.48**	**4,485.12**	**1,258.25**	**31,703.35**	**17,129.27**	**4,602.14**	**1,179.53**	**20,551.88**	**11,151.47**	**11,347.21**

As at March 31, 2016

Rs. in Lakhs

	GROSS BLOCK AT COST				DEPRECIATION & AMORTISATION				NET BLOCK	
Asset description	As at April 01, 2015	Additions	Deductions/ adjustments	As at March 31, 2016	As at April 01, 2015	Additions	Deductions/ adjustment	As at March 31, 2016	As at March 31, 2016	As at April 01, 2015
i) Tangible assets:										
Premises	108.92	–	–	108.92	19.41	1.83	–	21.24	87.68	89.51
Computers	5,021.18	805.07	277.74	5,548.51	3,573.68	790.10	277.61	4,086.17	1,462.34	1,447.50
Furniture and fixtures	6,816.95	608.85	66.54	7,359.26	2,857.03	809.10	57.21	3,608.92	3,750.34	3,959.92
Vehicles	5,168.15	994.08	417.06	5,745.17	2,806.47	854.97	312.97	3,348.47	2,396.70	2,361.68
Office equipments	5,998.54	1,646.90	326.64	7,318.80	3,349.41	1,194.54	320.00	4,223.95	3,094.85	2,649.13
Total (i)	23,113.74	4,054.90	1,087.98	26,080.66	12,606.00	3,650.54	967.79	15,288.75	10,791.91	10,507.74
ii) Intangible assets:										
Computer software	1,868.29	527.53	–	2,395.82	1,402.25	438.27	–	1,840.52	555.30	466.04
Total (ii)	1,868.29	527.53	–	2,395.82	1,402.25	438.27	–	1,840.52	555.30	466.04
Total (i+ii)	24,982.03	4,582.43	1,087.98	28,476.48	14,008.25	4,088.81	967.79	17,129.27	11,347.21	10,973.78

11. Non-current investments

Rs. in Lakhs

	As at March 31 **2017**	2016
A) Quoted (at cost): Trade:		
(i) Government securities (refer note no. 11(i))	**70,418.03**	63,220.81
(ii) Secured redeemable non-convertible debentures (refer note no. 11 (ii) (a))	**8,975.00**	2,000.01
(Non-current portion of long term investments in secured redeemable non-convertible debentures)		
Non-trade:		
– Units of mutual funds (HDFC Charity fund for Cancer cure – Debt plan, a Close-ended scheme with regular option maturing on May 5, 2020 where 50% of the dividend would be donated to Indian Cancer Society and eligible for claiming deduction under section 80 G of the Income Tax Act, 1961) (Market value: Rs. 200.53 Lakhs)	**200.00**	–
(A)	**79,593.03**	65,220.82

Rs. in Lakhs

	As at March 31 **2017**	2016
B) Unquoted (at cost): Non-trade		
(a) Equity investment in subsidiary companies:		
(i) Mahindra Insurance Brokers Limited	**47.98**	47.98
(2190722 equity shares of face value of Rs.10/- each fully paid up)		
(ii) Mahindra Rural Housing Finance Limited (refer note no.11 (iii)(a))		
– Fully paid-up : 8,32,40,655 equity shares of Rs.10/- each fully paid up, of which 1,75,20,003 equity shares are at a premium of Rs. 15/- per share, 87,43,040 equity shares are at a premium of Rs.30/- per share and 1,69,77,612 equity shares are at a premium of Rs.57/- per share.	**23,252.22**	11,877.22

		As at March 31 2017 (Rs. in Lakhs)	2016
	(March 2016 : 6,62,63,043 equity shares of Rs.10/- each fully paid up, of which 1,75,20,003 equity shares are at a premium of Rs. 15/- per share and 87,43,040 equity shares are at a premium of Rs.30/- per share)		
(iii)	Mahindra Asset Management Company Private Ltd. (refer note no.11 (iii)(b))	**9,100.00**	6,055.00
	– Fully paid-up : 9,10,00,000 equity shares of Rs.10/- each fully paid up (March 2016 : 6,05,50,000 equity shares of Rs.10/- each fully paid up)		
(iv)	Mahindra Trustee Company Private Ltd. (refer note no.11 (iii)(c))	**50.00**	15.00
	– Fully paid-up : 5,00,000 equity shares of Rs.10/- each fully paid up (March 2016 : 1,50,000 equity shares of Rs.10/- each fully paid up)		
		32,450.20	17,995.20
(b)	**Equity investment in Joint Venture:**		
	49% Ownership in Mahindra Finance USA, LLC (refer note no.11 (iii)(d))	**18,429.16**	15,317.32
	(Joint venture entity with De Lage Landen Financial Services INC. in United States of America)		
(c)	**Equity investment in other entities:**		
	New Democratic Electoral Trust (refer note no.11 (iii) (e))	**1.00**	0.05
	– Fully paid-up: 10,000 equity shares of Rs.10/- each fully paid up (March 2016 : 500 equity shares of Rs.10/- each fully paid up)		
		50,880.36	33,312.57
(d)	**Investment in Bonds/Debentures:**		
	70 11% Unsecured redeemable non-convertible subordinate debentures issued by Mahindra Rural Housing Finance Limited (Tenure: 5 years and 6 months; Maturity: 28th Dec, 2018)	**700.00**	700.00
	(B)	**51,580.36**	34,012.57
	Total (A + B)	**1,31,173.39**	99,233.39

Additional Information:

		As at March 31 2017 (Rs. in Lakhs)	2016
a)	Aggregate amount of quoted investments and market value -		
	i) Aggregate amount	79,593.03	65,220.82
	ii) Market value *	84,807.78	67,928.16
b)	Aggregate amount of unquoted investments	51,580.36	34,012.57

* Book value of Secured redeemable non-convertible debentures is taken as market value since market quotes are not available in the absence of trades.

i) Details of quoted Long-term investments in Government stock:

As at March 31, 2017:

Rs. in Lakhs

Particulars	Face value (Rs.)	Units	Amount	Market Value
Govt Stock 6.90%-13/07/2019	100	1000000	947.79	1,009.88
Govt Stock 6.90%-13/07/2019	100	1500000	1,427.50	1,514.81
Govt Stock 6.90%-13/07/2019	100	1000000	932.55	1,009.88
Govt Stock 6.35%-02/01/2020	100	1000000	885.25	996.12
Govt Stock 7.80%-03/05/2020	100	500000	488.65	515.25
Govt Stock 10.25%-30/05/2021	100	1000000	1,057.01	1,123.26
Govt Stock 8.20%-15/02/2022	100	1000000	1,004.37	1,055.24
Govt Stock 8.20%-15/02/2022	100	1000000	1,001.28	1,055.24
Govt Stock 8.13%-21/09/2022	100	1500000	1,505.17	1,586.44
Govt Stock 8.13%-21/09/2022	100	500000	490.95	528.81
Govt Stock 8.13%-21/09/2022	100	500000	490.71	528.81
Govt Stock 8.13%-21/09/2022	100	1000000	955.80	1,057.63
Govt Stock 7.16%-20/5/2023	100	1000000	900.55	1,004.32
Govt Stock 7.16%-20/5/2023	100	1000000	904.70	1,004.32
Govt Stock 8.83%-25/11/2023	100	2000000	2,026.85	2,175.50
Govt Stock 9.15%-14/11/2024	100	2500000	2,631.47	2,766.26
Govt Stock 9.15%-14/11/2024	100	1000000	1,088.37	1,106.50
MP SDL 8.15%-13/11/2025	100	2500000	2,500.91	2,601.97
MP SDL 8.15%-13/11/2025	100	1100000	1,171.29	1,144.87
MP SDL 8.15%-13/11/2025	100	1200000	1,277.77	1,248.95
TN SDL 8.27%-23/12/2025	100	1000000	1,001.79	1,031.17
Maharashtra SDL 8.26% 23/12/2025	100	2000000	2,137.26	2,128.34
Rajasthan SDL 8.30% 13/01/2026	100	2500000	2,719.85	2,748.14
UP SDL 8.39% 27/01/2026	100	500000	500.59	500.67
AP SDL 8.39% 27/01/2026	100	1000000	1,001.18	1,001.34
Govt Stock 8.33%-09/07/2026	100	2000000	2,056.05	2,141.26
Govt Stock 8.24%-15/02/2027	100	2000000	1,898.50	2,125.20
Govt Stock 8.24%-15/02/2027	100	1000000	959.15	1,062.60
Govt Stock 8.24%-15/02/2027	100	1000000	956.33	1,062.60
Govt Stock 8.24%-15/02/2027	100	1000000	1,015.21	1,062.60
Govt Stock 8.28%-21/09/2027	100	1500000	1,380.75	1,606.50
Govt Stock 8.28%-21/09/2027	100	2000000	1,868.10	2,142.00
Govt Stock 8.28%-21/09/2027	100	2000000	1,867.90	2,142.00
Govt Stock 8.28%-21/09/2027	100	1000000	932.65	1,071.00
Govt Stock 8.28%-21/09/2027	100	2000000	2,002.12	2,142.00
Govt Stock 8.97%-05/12/2030	100	1000000	1,024.59	1,123.86
Govt Stock 8.97%-05/12/2030	100	1000000	1,025.76	1,123.86
Govt Stock 8.97%-05/12/2030	100	500000	514.42	561.93
Govt Stock 8.97%-05/12/2030	100	1000000	1,029.20	1,123.86
Govt Stock 8.97%-05/12/2030	100	500000	523.19	561.93
Govt Stock 8.97%-05/12/2030	100	1000000	1,037.36	1,123.86
Govt Stock 8.97%-05/12/2030	100	1500000	1,587.80	1,685.79
Govt Stock 8.97%-05/12/2030	100	1000000	1,097.36	1,123.86
Govt Stock 8.97%-05/12/2030	100	1000000	1,082.08	1,123.86
Govt Stock 8.97%-05/12/2030	100	1500000	1,450.20	1,685.79
Govt Stock 8.97%-05/12/2030	100	2000000	2,178.73	2,247.73
Govt Stock 8.28%-15/02/2032	100	2500000	2,401.50	2,677.91
Govt Stock 8.32%-02/08/2032	100	1000000	1,009.91	1,073.92
Govt Stock 8.32%-02/08/2032	100	1000000	1,029.93	1,073.92
Govt Stock 8.24%-10/11/2033	100	1000000	1,025.02	1,079.42
Govt Stock 8.33%-07/06/2036	100	1500000	1,547.36	1,635.00
Govt Stock 8.30%-02/07/2040	100	1500000	1,359.30	1,628.22
Govt Stock 8.83%-12/12/2041	100	1000000	1,016.77	1,136.02

Rs. in Lakhs

Particulars	Face value (Rs.)	Units	Amount	Market Value
Govt Stock 8.83%-12/12/2041	**100**	**1000000**	**1,021.87**	**1,136.02**
Govt Stock 8.83%-12/12/2041	**100**	**1500000**	**1,469.33**	**1,704.02**
Total		**70300000**	**70,418.03**	**75,632.25**

As on March 31, 2016:

Rs. in Lakhs

Particulars	Face value (Rs.)	Units	Amount	Market Value
Govt Stock 6.90%-13/07/2019	100	1000000	947.79	982.50
Govt Stock 6.90%-13/07/2019	100	1500000	1,427.50	1,473.75
Govt Stock 6.90%-13/07/2019	100	1000000	932.55	982.50
Govt Stock 6.35%-02/01/2020	100	1000000	885.25	962.40
Govt Stock 7.80%-03/05/2020	100	500000	488.65	503.00
Govt Stock 10.25%-30/05/2021	100	1000000	1,070.70	1,101.48
Govt Stock 8.20%-15/02/2022	100	1000000	1,005.27	1,014.70
Govt Stock 8.20%-15/02/2022	100	1000000	1,001.54	1,014.70
Govt Stock 8.13%-21/09/2022	100	1500000	1,506.11	1,520.23
Govt Stock 8.13%-21/09/2022	100	500000	490.95	506.74
Govt Stock 8.13%-21/09/2022	100	500000	490.71	506.74
Govt Stock 8.13%-21/09/2022	100	1000000	955.80	1,013.49
Govt Stock 7.16%-20/5/2023	100	1000000	900.55	966.80
Govt Stock 7.16%-20/5/2023	100	1000000	904.70	966.80
Govt Stock 8.83%-25/11/2023	100	2000000	2,030.88	2,117.00
Govt Stock 9.15%-14/11/2024	100	2500000	2,648.71	2,710.06
Govt Stock 9.15%-14/11/2024	100	1000000	1,099.95	1,084.02
MP SDL 8.15%-13/11/2025	100	2500000	2,501.01	2,498.96
TN SDL 8.27%-23/12/2025	100	1000000	1,002.00	1,011.09
UP SDL 8.39% 27/01/2026	100	500000	500.66	500.67
UP SDL 8.39% 27/01/2026	100	1000000	1,001.31	1,001.34
Govt Stock 8.33%-09/07/2026	100	2000000	2,062.09	2,028.40
Govt Stock 8.24%-15/02/2027	100	2000000	1,898.50	2,056.81
Govt Stock 8.24%-15/02/2027	100	1000000	959.15	1,028.40
Govt Stock 8.24%-15/02/2027	100	1000000	956.33	1,028.40
Govt Stock 8.24%-15/02/2027	100	1000000	1,016.75	1,028.40
Govt Stock 8.28%-21/09/2027	100	1500000	1,380.75	1,542.75
Govt Stock 8.28%-21/09/2027	100	2000000	1,868.10	2,057.00
Govt Stock 8.28%-21/09/2027	100	2000000	1,867.90	2,057.00
Govt Stock 8.28%-21/09/2027	100	1000000	932.65	1,028.50
Govt Stock 8.28%-21/09/2027	100	2000000	2,002.33	2,057.00
Govt Stock 8.97%-05/12/2030	100	1000000	1,026.39	1,082.69
Govt Stock 8.97%-05/12/2030	100	1000000	1,027.65	1,082.69
Govt Stock 8.97%-05/12/2030	100	500000	515.47	541.34
Govt Stock 8.97%-05/12/2030	100	1000000	1,031.33	1,082.69
Govt Stock 8.97%-05/12/2030	100	500000	524.88	541.34
Govt Stock 8.97%-05/12/2030	100	1000000	1,040.09	1,082.69
Govt Stock 8.97%-05/12/2030	100	1500000	1,594.21	1,624.03
Govt Stock 8.97%-05/12/2030	100	1000000	1,104.47	1,082.69
Govt Stock 8.97%-05/12/2030	100	1000000	1,088.07	1,082.69
Govt Stock 8.97%-05/12/2030	100	1500000	1,450.20	1,624.03
Govt Stock 8.97%-05/12/2030	100	2000000	2,191.79	2,165.37
Govt Stock 8.28%-15/02/2032	100	2500000	2,401.50	2,567.88
Govt Stock 8.32%-02/08/2032	100	1000000	1,010.56	1,032.15
Govt Stock 8.32%-02/08/2032	100	1000000	1,031.88	1,032.15
Govt Stock 8.24%-10/11/2033	100	1000000	1,026.53	1,028.50
Govt Stock 8.33%-07/06/2036	100	1500000	1,549.82	1,552.50
Govt Stock 8.30%-02/07/2040	100	1500000	1,359.30	1,548.90
Govt Stock 8.83%-12/12/2041	100	1000000	1,017.45	1,092.05
Govt Stock 8.83%-12/12/2041	100	1000000	1,022.75	1,092.05
Govt Stock 8.83%-12/12/2041	100	1500000	1,469.33	1,638.08
Total		**63500000**	**63,220.81**	**65,928.15**

Quoted investments of Rs. 70418.03 Lakhs (March 31, 2016: Rs. 63,220.81 Lakhs) are in Government Stocks as Statutory Liquid Assets as required under Section 45 IB of The Reserve Bank of India Act,1934 vide a floating charge created in favour of public deposit holders through a “Trust Deed” with an independent trust, pursuant to circular RBI/2006-07/225 DNBS (PD) C.C.No. 87/03.02.004/2006-07 dated January 04, 2007 issued by The Reserve Bank of India.

ii) Details of investments in Secured redeemable non-convertible debentures :

As at March 31, 2017:

Rs. in Lakhs

Sr. No.	ISIN Description	Total Quantity	Face Value	(a) Non Current	(b) Current	Total
1	INTREPID FINANCE AND LEASING PRIVATE LIMITED SR-F 13 XIRR NCD 28AG17 FV RS 416667	80	800	0.00	166.67	166.67
2	LIGHT MICROFINANCE PRIVATE LIMITED SR-F 13.6 XIRR NCD 28AG17 FVRS10LAKH	75	750	0.00	156.25	156.25
3	M POWER MICROFINANCE PRIVATE LIMITED SR-F 13.1 XIRR NCD 28AG17 FVRS10LAKH	75	750	0.00	156.25	156.25
4	SAIJA FINANCE PRIVATE LIMITED SR-F 13.1 XIRR NCD 28AG17 FVRS10LAKH	80	800	0.00	166.67	166.67
5	SATIN CREDITCARE NETWORK LIMITED SR-F 12.3 XIRR NCD 28AG17 FVRS10LAKH	300	3,000	0.00	625.00	625.00
6	SV CREDITLINE PVT. LTD. SR-F 12.75 XIRR NCD 28AG17 FVRS10LAKH	200	2,000	0.00	416.67	416.67
7	ANNAPURNA MICROFINANCE PRIVATE LIMITED SR-F 12.75 XIRR NCD 28AG17 FVRS250000	150	1,500	0.00	312.50	312.50
8	UTKARSH MICROFINANCE LIMITED SR-F 10.50 XIRR NCD 28JUNE19 FVRS10LAKH	800	8,000	5,600.00	2,400.00	8,000.00
9	PUDHUAARU FINANCIAL SERVICES PRIVATE LIMITED SR-F 11.40 XIRR NCD 7MAR19 FVRS10LAKH	150	1,500	750.00	750.00	1,500.00
10	SMILE MICROFINANCE PRIVATE LIMITED SR-F 11.40 XIRR NCD 7MAR19 FVRS10LAKH	150	1,500	750.00	750.00	1,500.00
11	SAMASTA MICROFINANCE PRIVATE LIMITED SR-F 11.40 XIRR NCD 7MAR19 FVRS10LAKH	150	1,500	750.00	750.00	1,500.00
12	SVASTI MICROFINANCE PRIVATE LIMITED SR-F 11.40 XIRR NCD 7MAR19 FVRS10LAKH	75	750	375.00	375.00	750.00
13	ZEN LEFIN PRIVATE LIMITED SR-F 11.40 XIRR NCD 7MAR19 FVRS10LAKH	150	1,500	750.00	750.00	1,500.00
	Total			**8,975.00**	**7,775.01**	**16,750.01**

Note: Secured redeemable non-convertible debentures are redeemable in tranches as per the terms and conditions of the issue.

As at March 31, 2016:

Rs. in Lakhs

Sr. No.	ISIN Description	Total Quantity	Face Value	(a) Non Current	(b) Current	Total
1	ANNAPURNA MICROFINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAKH	100	1,000	–	416.67	416.67
2	AROHAN FINANCIAL SERVICES PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAKH	75	750	–	187.50	187.50
3	AROHAN FINANCIAL SERVICES PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAKH	100	1,000	–	416.67	416.67
4	ASIRVAD MICRO FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAKH	75	750	–	187.50	187.50
5	ASIRVAD MICRO FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAKH	150	1500	–	625.00	625.00
6	DISHA MICROFIN PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAKH	75	750	–	187.50	187.50
7	FUSION MICROFINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAKH	75	750	–	187.50	187.50
8	GRAMA VIDIYAL MICRO FINANCE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAKH	100	1,000	–	250.00	250.00
9	GRAMA VIDIYAL MICRO FINANCE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAKH	200	2,000	–	833.33	833.33
10	SATIN CREDITCARE NETWORK LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAKH	150	1,500	–	375.00	375.00
11	SONATA FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAKH	150	1,500	–	625.00	625.00
12	SV CREDITLINE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAKH	75	750	–	187.50	187.50
13	INTREPID FINANCE AND LEASING PRIVATE LIMITED SR-F 13 XIRR NCD 28AG17 FVRS750000	80	800	166.67	400.00	566.67
14	LIGHT MICROFINANCE PRIVATE LIMITED SR-F 13.6 XIRR NCD 28AG17 FVRS10LAKH	75	750	156.25	375.00	531.25
15	M POWER MICROFINANCE PRIVATE LIMITED SR-F 13.1 XIRR NCD 28AG17 FVRS10LAKH	75	750	156.25	375.00	531.25
16	SAIJA FINANCE PRIVATE LIMITED SR-F 13.1 XIRR NCD 28AG17 FVRS10LAKH	80	800	166.67	400.00	566.67
17	SATIN CREDITCARE NETWORK LIMITED SR-F 12.3 XIRR NCD 28AG17 FVRS10LAKH	300	3,000	625.00	1,500.00	2,125.00
18	SV CREDITLINE PVT. LTD. SR-F 12.75 XIRR NCD 28AG17 FVRS10LAKH	200	2,000	416.67	1,000.00	1,416.67
19	ANNAPURNA MICROFINANCE PRIVATE LIMITED SR-F 12.75 XIRR NCD 28AG17 FVRS750000	150	1,500	312.50	750.00	1,062.50
	Total			**2,000.01**	**9,279.17**	**11,279.18**

Note: Secured redeemable non-convertible debentures are redeemable in tranches as per the terms and conditions of the issue.

iii) **During the year, the Company has made the following equity investments –**

a) Rs.11375.00 Lakhs (March 31, 2016 : Rs. 3497.22 Lakhs) in Mahindra Rural Housing Finance Ltd., its subsidiary, by subscription to 1,69,77,612 Equity shares of Rs.10/- each for cash at a premium of Rs.57/- per Equity share on a rights basis on which Rs.67/- per Equity share (March 31, 2016 : 87,43,040 Equity shares of Rs.10/- each for cash at Rs.40/- per share ,including premium of Rs.30/- per Equity share) has been fully paid up.

b) Rs.3045.00 Lakhs (March 31, 2016 : Rs. 5950.00 Lakhs) in Mahindra Asset Management Company Private Limited, its wholly owned subsidiary, by subscription to 3,04,50,000 Equity shares of Face Value of Rs.10/- each at par for cash fully paid up on a rights basis.

c) Rs. 35.00 Lakhs (March 31, 2016 : Rs.10.00 Lakhs) in Mahindra Trustee Company Private Limited, a wholly owned subsidiary, by subscription to 35,00,000 Equity shares of Face Value of Rs.10/- each at par for cash fully paid up on a rights basis.

d) Rs.3111.84 Lakhs equivalent to US $ 4.64 million (March 31, 2016 : Rs. 4530.31 Lakhs equivalent to US $ 6.96 million) being additional equity infusion in Mahindra Finance USA LLC, a 49% joint venture company formed jointly with De Lage Landen Financial Services Inc. in United States.

e) Rs.0.95 Lakh (March 31, 2016 : Rs.0.05 Lakh) in New Democratic Electoral Trust, a Trust approved by the Central Board of Direct Taxes under Electoral Trust Scheme, 2013, by subscription to 9,500 Equity shares, including 7,000 additional Equity shares offered, of Face Value of Rs.10/- each at par for cash fully paid up on a rights basis.

12. Deferred tax assets (net)

Rs. in Lakhs

		As at March 31 2017	2016
a)	**Deferred tax assets**		
	Provision for Non performing assets/loss & expenses on assignments	**65,016.56**	51,650.95
	Provision on standard assets	**5,611.69**	4,857.23
	Other disallowances	**1,247.09**	1,083.16
	Difference between written down value of assets as per books of account and Income Tax Act, 1961	**1,291.35**	936.30
	(a)	**73,166.69**	58,527.64
b)	**Deferred tax liabilities**		
	Difference between written down value of assets as per books of account and Income Tax Act, 1961	**–**	–
	(b)	**–**	–
Net Deferred tax assets	**(a) – (b)**	**73,166.69**	58,527.64

Note: Deferred tax on provision for non performing assets is net of deduction allowed under Section 36(1)(viia) of the Income tax Act, 1961

13. Long-term loans and advances

Rs. in Lakhs

	As at March 31 2017	2016
Unsecured, considered good unless otherwise stated:		
Capital advances	**20.77**	7.08
Deposits for office premises/others	**2,221.04**	2,052.59
Loans against assets (secured, including overdue loans) #	**22,00,550.96**	18,30,167.57
Retained interest in Pass Through Certificates under securitization transactions (refer note no. 52 (IV) (a))	**40.85**	162.02

	Rs. in Lakhs As at March 31 2017	2016
Retained interest under assignment transactions	**145.90**	150.75
Interest Only Strip (I/O Strip) under securitization transactions (refer note no. 36(c))	**2,471.88**	4,730.45
Loans and advances (including overdue loans) @	**3,205.94**	4,448.73
Advance payment of taxes (net of provisions)	**17,327.65**	10,927.38
# Includes non-performing assets of Rs. 79449.03 Lakhs (March 2016 : Rs.66,283.31 Lakhs) (refer note no. 5, 9 and 30 (a))		
@ Includes non-performing assets of Rs.415.48 Lakhs (March 2016 : Rs.387.57 Lakhs) (refer note no. 5, 9 and 30 (a))		
Total	**22,25,984.99**	**18,52,646.57**

14. Other non-current assets

	Rs. in Lakhs As at March 31 2017	2016
Term deposits with banks with original maturity greater than 12 months		
– Free	**294.00**	–
– Under lien (refer note no. 17 (a))	**10,929.88**	3,310.23
Derivative contract receivables	**–**	459.52
Exchange gain receivable on forward contract on FCNR loans	**–**	391.45
Deferred premium on FCNR loan forward contracts	**–**	1,015.24
Total	**11,223.88**	5,176.44

15. Current investments

	Rs. in Lakhs As at March 31 2017	2016
i) Quoted -		
Secured redeemable non-convertible debentures (refer note no. 11 (ii) (b))	**7,775.01**	9,279.17
(Current portion of long term investments in secured redeemable non-convertible debentures)		
Units of mutual funds (refer note no. 15 (a))	**27,500.00**	–
	35,275.01	9,279.17
ii) Unquoted (at cost):		
Certificate of deposits with banks (refer note no. 15 (b))	**–**	24,821.50
Commercial Papers (refer note no. 15 (c))	**22,500.00**	15,000.00
	22,500.00	39,821.50
Total	**57,775.01**	49,100.67

Additional Information:

	Rs. in Lakhs As at March 31 2017	2016
Aggregate amount of quoted investments and market value -		
i) Aggregate amount	**35,275.01**	9,279.17
ii) Market Value *	**35,283.26**	9,279.17
Aggregate amount of unquoted investments	**22,500.00**	39,821.50

* Book value is taken as market value since market quotes are not available in the absence of trades.

a) Details of investment in Mutual fund units –

As at March 31, 2017:

Name of the Mutual Fund	Scheme Name	Units	Net Asset Value (Rs.)	Cost (Rs. in Lakhs)	Market Value (Rs. in Lakhs)
Mahindra Mutual Fund	Mahindra Liquid fund – Direct – Growth	**2375664.604**	**1,052.6354**	**25,000.00**	**25,007.09**
Mahindra Mutual Fund	Mahindra ALP Samay Bachat Yojana – Direct – Growth	**247640.163**	**1,009.9978**	**2,500.00**	**2,501.16**
Total				**27,500.00**	**27,508.25**

As at March 31, 2016: Nil

b) Details of unquoted current investments in certificate of deposits:

As at March 31, 2017: Nil

As at March 31, 2016

Rs. in Lakhs

Particulars	Face value (Rs.)	Units	Amount
IDBI BANK	100,000	5000	4,992.89
IDBI BANK	100,000	10000	9,982.22
ORIENTAL BANK OF COMMERCE	100,000	10000	9,846.39
Total		**25000**	**24,821.50**

c) Details of unquoted current investment in Commercial Papers:

As at March 31, 2017:

Rs. in Lakhs

Particulars	Face value (Rs.)	Total (qty)	Amount
ESAF MICROFINANCE & INVESTMENT PRIVATE LIMITED	**500,000**	**1500**	**7,500.00**
IFMR CAPITAL FINANCE PRIVATE LIMITED	**500,000**	**1500**	**7,500.00**
FIVE STAR BUSINESS FINANCE LIMITED	**500,000**	**500**	**2,500.00**
SATIN CREDITCARE NETWORK LIMITED	**500,000**	**1000**	**5,000.00**
Total		**4,500.00**	**22,500.00**

As at March 31, 2016:

Rs. in Lakhs

Particulars	Face value (Rs.)	Total (qty)	Amount
IFMR CAPITAL FINANCE PRIVATE LIMITED	500,000	500	2,500.00
IFMR CAPITAL FINANCE PRIVATE LIMITED	500,000	1000	5,000.00
JANALAKSHMI FINANCIAL SERVICES LIMITED	500,000	1500	7,500.00
Total		**3,000**	**15,000.00**

16. Trade receivables

	Rs. in Lakhs	
	As at March 31	
	2017	2016
Secured, considered doubtful unless otherwise stated:		
Trade receivable on hire purchase transactions #	**374.19**	374.19
(outstanding for a period exceeding six months from the date they are due for payment)		
Unsecured, considered good unless otherwise stated:		
Debts outstanding for a period exceeding six months from the date they are due for payment	**0.47**	–
Debts outstanding for a period not exceeding six months from the date they are due for payment	**208.04**	137.05
# Includes non-performing assets of Rs.374.19 Lakhs (March 2016 : Rs.374.19 Lakhs) (refer note no. 5, 9 and 30 (a))		
Total	**582.70**	511.24

17. Cash and bank balance

	Rs. in Lakhs	
	As at March 31	
	2017	2016
Cash and cash equivalents:		
- Cash on hand	**1,723.81**	1,872.37
- Cheques and drafts on hand	**1,258.49**	544.49
- Balances with banks in current accounts	**38,163.10**	19,078.38
	41,145.40	21,495.24
Other bank balances:		
Earmarked balances with banks -		
- Unclaimed dividend accounts	**53.98**	53.45
Term deposits maturing within 12 months	**1,862.00**	92.00
Term deposits under lien (refer note no. 17 (a))	**14,745.12**	36,880.77
	16,661.10	37,026.22
Total	**57,806.50**	58,521.46

a) Details of Term deposits # **Rs. in Lakhs**

	As at March 31, 2017			As at March 31, 2016		
	Cash and bank balances	Other Non-current assets	Total	Cash and bank balances	Other Non-current assets	Total
(i) Term deposits for SLR	**5,563.00**	**766.00**	**6,329.00**	15,307.00	2,470.00	17,777.00
(ii) Collateral deposits for securitization transactions	**8,766.12**	**10,047.88**	**18,814.00**	21,380.77	513.23	21,894.00
(iii) Legal deposits	**3.00**	**17.00**	**20.00**	3.00	17.00	20.00
(iv) Margin deposits towards Constituent Subsidiary General Ledger (CSGL) account	**413.00**	**99.00**	**512.00**	190.00	310.00	500.00
Total	**14,745.12**	**10,989.86**	**25,735.00**	36,880.77	3,310.23	40,191.00

 # Term deposits with scheduled banks under lien include:

i) Rs.6329.00 Lakhs (March 31, 2016 : Rs. 17777.00 Lakhs) being the Term deposits kept with Banks as Statutory Liquid Assets as required under Section 45 IB of The Reserve Bank of India Act, 1934 vide a floating charge created in favour of public deposit holders through a "Trust Deed" with an independent trust, pursuant to circular RBI/2006-07/225 DNBS (PD) C.C.No. 87/03.02.004/2006-07 dated January 04, 2007 issued by The Reserve Bank of India.

ii) Rs.18814.00 Lakhs (March 31, 2016 : 21894.00 Lakhs) being collateral deposits kept with banks as retained exposure under credit enhancements pertaining to securitization transactions (refer note no.52 (IV)).

iii) Rs.20.00 Lakhs (March 31, 2016 : Rs.20.00 Lakhs) as special deposits kept with banks towards guarantee against legal suits filed by the Company.

iv) Rs.512.00 Lakhs (March 31, 2016 : 500.00 Lakhs) as collateral deposits kept with banks towards Constituent Subsidiary General Ledger (CSGL) account for holding securities for SLR purpose.

18. Short-term loans and advances

	Rs. in Lakhs	
	As at March 31	
	2017	2016
Unsecured, considered good unless otherwise stated:		
Loans against assets (secured, including overdue loans) #	**18,22,630.33**	16,26,968.33
Retained interest in Pass Through Certificates (PTC) under securitization transactions (refer note no. 52 (IV) (a))	**110.98**	310.32
Retained interest under assignment transactions	**15.31**	143.30
Interest Only Strip (I/O Strip) under securitization transactions (refer note no. 36(c))	**17,300.26**	20,665.26
Loans and advances (including overdue loans) @	**23,607.21**	12,647.00
Bills of exchange	**38,851.72**	29,447.55
Trade Advances @	**1,21,579.34**	1,16,616.51
Inter corporate deposits to related parties @	**100.00**	4,756.50
Deposits for office premises/others	**421.19**	371.44
Other short term advances	**1,735.32**	1,583.79
# Includes non-performing assets of Rs. 268968.36 Lakhs (March 2016 : Rs. 203237.01 Lakhs) (refer note no. 5, 9 and 30 (a))		
@ Includes non-performing assets of Rs.4207.48 Lakhs (March 2016 : Rs.2442.47 Lakhs) (refer note no. 5, 9 and 30 (a))		
Total	**20,26,351.66**	18,13,510.00

19. Other current assets

Interest accrued on -		
Investments	**1,395.18**	1,233.46
Others deposits	**1,167.85**	3,908.65
Exchange gains receivable on forward contract on FCNR loans	**190.40**	888.13
Deferred premium on FCNR loan forward contracts	**504.38**	3,341.21
Total	**3,257.81**	9,371.45

		Rs. in Lakhs
	Year ended March 31	
	2017	2016
20. Revenue from operations		
a) Interest Income		
Income from loans	**5,65,018.75**	5,27,653.45
Income from hire purchase	**15.07**	26.09
Interest on term deposits/Inter-corporate deposits/Bonds etc	**6,551.71**	6,918.09
Interest on retained interest in PTCs under securitization transactions	**12.59**	43.55
Interest on Government securities – Long term	**5,345.19**	4,710.02
(a)	**5,76,943.31**	5,39,351.20
b) Other financial services		
Service charges and other fees on loan transactions	**24,331.66**	22,282.68
Income from hire purchase	**0.14**	0.13
Income from bill discounting	**4,179.23**	3,047.41
Income from lease	**–**	1.24
Income from assignment/securitisation transactions (refer note no.36)	**11,936.72**	20,633.45
(b)	**40,447.75**	45,964.91
Total (a+b)	**6,17,391.06**	5,85,316.11
21. Other income		
Dividend income on -		
- Current investments in mutual fund units	**85.48**	48.15
- Long-term investments in subsidiary companies	**1,256.29**	1,021.60
Profit/premium on sale/redemption of –		
- Current investments	**88.48**	–
Profit on sale/retirement of assets (net)	**15.24**	107.10
Income from shared services	**4,580.24**	3,595.55
Others	**337.03**	421.54
Total	**6,362.76**	5,193.94
22. Employees benefits expense		
Salary, bonus and incentives	**59,818.31**	48,915.58
Contribution to provident funds and other funds	**4,741.09**	3,672.48
Employee Stock Compensation costs (refer note no. 28 (f)) #	**879.82**	1,431.06
Staff welfare expenses	**2,650.49**	1,861.62
Total	**68,089.71**	55,880.74

Inclusive of ESOP costs reimbursements (net) to the holding company Rs.33.76 Lakhs (March 31, 2016 : Rs. 17.24 Lakhs) and net of recoveries from subsidiary company Rs. 203.44 Lakhs (March 31, 2016 : Rs. 314.06 Lakhs).

23. Finance costs		
Interest expenses	**2,83,491.16**	2,61,524.81
Other borrowing costs	**2,251.54**	2,404.38
Total	**2,85,742.70**	2,63,929.19

		Rs. in Lakhs
	Year ended March 31	
	2017	2016
24. Depreciation and amortization expense		
Depreciation on tangible assets	**3,848.52**	3,650.54
Amortization of intangible assets	**753.62**	438.27
Total	**4,602.14**	4,088.81
25. Loan provisions and write offs		
Bad debts and write offs (refer note no. 30 (c))	**84,500.16**	51,003.24
Provision for Non-performing assets (net) (refer note no.5, 9 and 30 (a)) and 30 (b) (ii)	**44,233.45**	52,596.10
General provision for Standard assets (refer note no.5, 9 and 30 (b) (i))	**2,180.00**	1,353.00
Provision for diminution in the fair value of restructured advances (refer note no.5,9 and 30 (d))	**(0.94)**	0.64
Total	**1,30,912.67**	1,04,952.98
26. Other expenses		
Electricity charges	**2,039.34**	1,850.42
Rent	**6,785.70**	6,384.04
Repairs and maintenance -		
- Buildings	**436.59**	483.46
- Others	**323.11**	280.09
Insurance	**1,650.25**	1,422.74
Rates and taxes, excluding taxes on income	**765.55**	510.81
Directors' sitting fees and commission	**275.72**	294.55
Commission and brokerage	**22,222.74**	17,250.70
Legal and professional charges	**9,563.50**	7,235.57
Manpower outsourcing cost	**706.49**	184.73
Payments to the auditor -		
- Audit fees	**46.82**	44.31
- Taxation matters	**18.18**	7.95
- Other services	**32.34**	35.08
- Reimbursement of expenses	**1.51**	1.28
CSR donations and expenses (refer note no. 39)	**3,047.53**	2,905.95
General and administrative expenses	**24,484.40**	18,948.52
Total	**72,399.77**	57,840.20

Above expenses include following expenditure incurred in foreign currency:

		Rs. in Lakhs
	Year ended March 31	
	2017	2016
Travelling expenses	**–**	1.63
Legal and professional fees	**295.85**	122.91
Other expenses	**27.17**	10.26

27. Disclosure under the Accounting Standard relating to 'Financial Reporting of Interests in Joint Ventures' (AS-27).

The Company has interest in the following jointly controlled entity.

	Name of the entity	Country of Incorporation	% Holding
i)	Mahindra Finance USA, LLC	United States of America	49.00%

ii) Interest in the assets, liabilities, income and expenses with respect to jointly controlled entities

			(Rs. In Lakhs)
	Particulars	**March 2017**	March 2016
I.	**ASSETS**		
1	Long-term loans and advances	**2,26,440.34**	1,94,461.94
2	Deferred tax assets	**1,028.95**	735.90
3	Cash and cash equivalents	**577.88**	624.49
4	Short-term loans and advances	**69,080.41**	47,929.25
II.	**LIABILITIES**		
1	Long-term borrowings	**1,18,296.56**	1,08,561.47
2	Other Long-term liabilities	**–**	–
3	Long term provisions	**775.45**	727.01
4	Short term borrowings	**80,431.74**	55,269.45
5	Other current liabilities	**69,333.16**	56,052.27
6	Short term provisions	**233.16**	176.84
III.	**INCOME**		
1	Revenue from operations	**14,013.55**	10,048.49
2	Other income	**809.26**	635.97
IV.	**EXPENSES**		
1	Finance costs	**5,656.00**	3,918.39
2	Provisions and write-offs	**912.31**	973.53
3	Other expenses	**4,013.33**	2,913.69
4	Provision for current tax	**1,884.27**	1,294.04
5	Provision for deferred tax	**(319.60)**	(254.18)

28. Employee Stock Option Plan

a) The Company had allotted 134,32,750 equity shares (face value of Rs.2/- each) under Employee Stock Option Scheme 2005 at a premium of Rs.8.20 per share on December 06, 2005 and 48,45,025 Equity shares (face value of Rs.2/- each) under Employee Stock Option Scheme 2010 at par on February 03, 2011, to Mahindra and Mahindra Financial Services Limited Employees' Stock Option Trust set up by the Company. The Trust holds these shares for the benefit of the employees and issues them to the eligible employees as per the recommendation of the Compensation Committee. The Trust had issued 1,45,54,477 equity shares to employees up to March 31, 2017 (March 31, 2016 : 1,41,14,193 equity shares), of which 4,40,284 equity shares (March 31, 2016 : 4,60,707 equity shares) were issued during the current year. All the equity shares issued to employees during the current year are out of Employee Stock Option Scheme 2010.

The details of Employees stock option schemes are as under:

	Scheme 2005	Scheme 2010
Type of arrangement	Employees share based payment plan administered through ESOS Trust	Employees share based payment plan administered through ESOS Trust
Contractual life	6 years from the date of grant	3 years from the date of each vesting
Method of settlement	By issue of shares at exercise price	By issue of shares at exercise price
Vesting conditions	35% on expiry of 12 months from the date of grant	20% on expiry of 12 months from the date of grant
	25% on expiry of 24 months from the date of grant	20% on expiry of 24 months from the date of grant
	20% on expiry of 36 months from the date of grant	20% on expiry of 36 months from the date of grant
	10% on expiry of 48 months from the date of grant	20% on expiry of 48 months from the date of grant
	10% on expiry of 60 months from the date of grant	20% on expiry of 60 months from the date of grant

b) During the year, the Company has granted 2,17,400 stock options to the eligible employees under the Employees' Stock option scheme 2010. The details are as under:

	Grant dated January 5, 2017
No. of options granted	2,17,400
Intrinsic value of shares based on latest available closing market price (Rs.)	355.10
Total amount to be amortized over the vesting period (Rs. in Lakhs)	771.99
Charge to Statement of profit and loss for the year (Rs. in Lakhs)	86.92
Compensation in respect of lapsed cases (Rs. in Lakhs)	10.70
Unamortized amount carried forward (Rs. in Lakhs)	674.37

The fair value of options, based on the valuation of the independent valuer as on the date of grant are:

Vesting date	Grant dated January 5, 2017	
	Expected Vesting	Fair Value (Rs.) per share
January 5, 2018	43,482	337.36
January 5, 2019	43,482	
January 5, 2020	43,482	
January 5, 2021	43,482	
January 5, 2022	43,472	
	2,17,400	

The key assumptions used in black-scholes model for calculating fair value as on the date of grant are:

Variables #	Grant dated January 5, 2017
1) Risk free interest rate	6.67%
2) Expected life	4.70 years
3) Expected volatility	38.28%
4) Dividend yield	1.12%
5) Price of the underlying share in the market at the time of option grant (Rs.)	357.10

\# the values mentioned against each of the variables are based on the weighted average percentage of vesting.

c) Summary of stock options

Summary of Stock Options	As at/Year ended March 31			
	2017		2016	
	No. of stock options	Weighted average exercise price (Rs.)	No. of stock options	Weighted average exercise price (Rs.)
Options outstanding at the beginning of the year	17,14,173	2.00	21,22,955	2.00
Options granted during the year	2,17,400	2.00	57,920	2.00
Options forfeited/lapsed during the year #	23,580	2.00	5,995	2.00
Options exercised during the year	4,40,284	2.00	4,60,707	2.00
Options outstanding at the end of the year	14,67,709	2.00	17,14,173	2.00
Options vested but not exercised at the end of the year	2,35,038	2.00	2,87,526	2.00

including nil (March 31, 2016: Nil) options forfeited/lapsed out of the options granted during the year.

d) Information in respect of options outstanding:

	As at March 31			
Grant date/Exercise price	2017		2016	
	No. of stock options	Weighted average remaining life	No. of stock options	Weighted average remaining life
Scheme 2010:				
February 07, 2011 at Rs.2.00	35,090	21 months	1,44,188	34 months
January 25, 2012 at Rs.2.00	38,580	30 months	62,830	41 months
July 22, 2013 at Rs.2.00	19,020	44 months	28,878	52 months
October 21, 2013 at Rs.2.00	39,116	39 months	41,365	51 months
October 21, 2014 at Rs.2.00 #	10,75,448	52 months	13,78,992	59 months
October 21, 2015 at Rs.2.00	46,069	59 months	57,920	68 months
October 21, 2015 at Rs.2.00	2,14,386	70 months	–	–
Total	**14,67,709**		**17,14,173**	

net of 3014 (March 2016: Nil) options forfeited/lapsed out of the options granted during the year

e) Average Share price at recognised stock exchange (NSE) on the date of exercise of the option are as under:

Date of Exercise	Average share price (Rs.)
25-Apr-16	293.29
20-May-16	297.89
21-Jun-16	323.35
26-Jul-16	318.59
29-Aug-16	344.10
19-Sep-16	343.71
27-Oct-16	365.77
25-Nov-16	285.28
23-Dec-16	254.65
11-Jan-17	282.99
27-Jan-17	282.76
28-Feb-17	291.43
27-Mar-17	321.24

f) Method used for accounting for share based payment plan

The Company has elected to use intrinsic value method to account for the compensation cost of stock options to employees of the Company. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option. Employee stock compensation cost is amortized over the vesting period.

g) Fair value of options

The fair value of options have been calculated using Black Scholes Options Pricing Model and the significant assumptions made in this regards are as follows:

Grants covered under Scheme 2005:

Variables #		7-Dec-2005	24-Jul-2007	25-Mar-2008	18-Sep-2008
1)	Risk free interest rate	5.8% to 6.6%	8.17%	7.31%	8.20%
2)	Expected life	2.5 – 5 years	4.17 years	4.17 years	4.18 years
3)	Expected volatility	0.50%	43.69%	43.61%	43.66%
4)	Dividend yield	5%	1.59%	1.59%	1.64%
5)	Price of the underlying share in the market at the time of option grant (Rs.)	13.11*	46.00	63.62	50.35

the values mentioned against each of the variables are based on the weighted average percentage of vesting.

* being fair value taken from an independent valuer as the Company was unlisted as on the date of grant of option.

Grants covered under Scheme 2010:

Variables #	7-Feb-2011	25-Jan-2012	22-Jul-2013	21-Oct-2013	21-Oct-2014	21-Oct-2015	05-Jan-2017
1) Risk free interest rate	7.73%	8.11%	7.61%	8.60%	8.50%	7.53%	6.67%
2) Expected life	4.5 years	5.5 years	3.5 years	3.25 years	3.25 years	4.50 years	4.70 Years
3) Expected volatility	42.38%	46.08%	35.53%	39.27%	38.83%	37.37%	38.28%
4) Dividend yield	2.28%	2.11%	1.70%	1.32%	1.35%	1.65%	1.12%
5) Price of the underlying share in the market at the time of option grant (Rs.)	138.60	133.14	212.35	272.40	280.80	242.15	357.10

the values mentioned against each of the variables are based on the weighted average percentage of vesting.

h) Earnings Per Share

Earnings Per Share as required by Accounting Standard 20 read with the Guidance Note on “Accounting for Employee Share-based Payments” is as follows:

	Intrinsic Value Method		Fair Value Method *	
	As at March 31		As at March 31	
Particulars	2017	2016	2017	2016
Net profit after tax (Rs. in Lakhs)	40,023.49	67,259.60	40,069.58	67,336.73
Weighted average number of equity shares of Rs.2/- each – Basic	564723582	564278639	564723582	564278639
Weighted Average number of equity shares of Rs.2/- each – Diluted	568446880	568442221	568446880	568442221
Basic Earnings Per Share (Rs.)	7.09	11.92	7.10	11.93
Diluted Earnings Per Share # (Rs.)	7.04	11.83	7.05	11.84

Dilution in Earnings per share is on account of 37,23,298 equity shares (March 31, 2016 : 41,63,582 equity shares) held by the Employees Stock Option Trust issued under the Employees Stock Option Scheme.

* Earnings Per Share under Fair value method is computed on net profit after tax after adjusting for employee compensation costs under fair value method. Employee compensation cost under fair value method as compared to intrinsic value method is lower by Rs. 46.09 Lakhs (March 31, 2016 : Rs. 77.13 Lakhs).

29. During the year, the Company has raised an amount of Rs.1,00,000.00 Lakh by way of Public Issuance Unsecured Subordinated Redeemable Non-Convertible Debentures (NCDs) of the face value of Rs.1,000 each. The NCDs were allotted on 6th June, 2016 and listed on BSE Limited on 8th June, 2016. The proceeds of the issue – have been used for the purposes as stated in its 'Placement Document'. The NCDs issue expenses of Rs. 1653.42 Lakhs has been adjusted against securities premium reserve.

In terms of the requirements as per Section 71 (4) of the Companies Act, 2013 read with the Companies (Share capital and Debentures) Rules 2014, Rule no.18 (7) and applicable SEBI (Issue and Listing of Debt Securities) Regulations, 2008, the Company has transferred Rs. 2649.86 Lakhs out of the profits available for payment of dividend to Debenture Redemption Reserve (DRR) on a prorata basis to create adequate DRR over the tenor of the debentures.

30. Loan provisions and write offs

a) The Company has made adequate provision for the Non-performing assets identified, in accordance with the guidelines issued by The Reserve Bank of India. As per the practice consistently followed, the Company has also made accelerated provision on a prudential basis.

The RBI vide it's notification no DNBR. 011/CGM (CDS)-2015 dt. March 27, 2015 has revised the asset classification norms for NPAs and substandard assets under its prudential norms applicable to NBFCs in a phased manner commencing from financial year ending 31st March, 2016, upto the financial year ending 31st March, 2018 which would result in an additional provision.

The cumulative accelerated provision made by the Company as on March 31, 2017 is Rs.68623.98 Lakhs (March 31, 2016 : Rs. 73567.48 Lakhs)

b) (i) In accordance with the Master direction DNBR. PD.008/03.10.119/2016-17 dated September 01, 2016 issued by The Reserve Bank of India (RBI) vide its directions to all NBFC's to increase the general provision on the Standard assets in a phased manner commencing from the financial year ended March 31, 2016 to 0.30%, to 0.35% by the financial year ended March 31,2017 and to 0.40% by the financial year ending March 31,2018, the Company has made a provision of Rs.2180.00 Lakhs (March 31, 2016: Rs. 1353.00 Lakhs).

(ii) The total amount of provision on Standard assets of Rs.16215.00 Lakhs (March 31, 2016 :Rs.14035.00 Lakhs) includes additional provision of 0.05% for Rs.2034.00 Lakhs as at March 31, 2017 (0.10% for Rs. 5262.00 as at March 31, 2016).

(iii) During the year, the Company has reviewed the basis of estimating provision for non-performing assets and has considered estimated realisable value of underlying security (which conforms to the RBI norms) for loan assets to determine 100% provisioning for assets which are 24 months overdue resulting in a lower provision of Rs.8336.91 Lakhs.

c) Bad debts and write offs includes loss on termination which mainly represents shortfall on settlement of certain contracts due to lower realisation from such loan assets on account of poor financial position of such customers.

d) In accordance with the Prudential norms for restructured advances, the Company has made provisions of Rs. 254.65 Lakhs (March 31, 2016 : Rs. 32.51 Lakhs) as Higher/additional provisions and Provisions for diminution in fair value on account of restructured advance.

31. Commission and brokerage mainly represents amount incurred in respect of acquisition of customers and mobilisation of public deposits.

32. The Company is engaged primarily in the business of financing and accordingly there are no separate reportable segments as per Accounting Standard 17 dealing with Segment Reporting.

33. Deposits/advances received against loan agreements are on account of loan against assets, which are repayable/adjusted over the period of the contract.

34. Employee benefits

Defined benefit plans – as per actuarial valuation

Rs. in Lakhs

		Gratuity (Funded)		Sick leave (Non funded)		Privilege Leave	
		March 2017	March 2016	March 2017	March 2016	March 2017	March 2016
I.	**Expense recognised in the Statement of Profit & Loss Account for the year ended 31st**						
1	Current service cost	363.90	992.35	83.95	159.91	477.14	1070.95
2	Interest cost	155.60	137.72	22.18	17.07	93.54	92.51
3	Expected return on plan assets	(166.11)	(150.41)	–	–	–	–
4	Actuarial (gains)/losses	675.34	(503.97)	10.63	(90.38)	266.33	(815.69)
5	Fund amount to be transferred from MBCSPL gratuity fund	–	–	–	–	–	–
6	Adjustment due to change in opening balance of Plan assets	(156.76)	–	–	–	–	–
7	**Total expense**	**871.97**	**475.69**	**116.76**	**86.61**	**837.01**	**347.76**
II.	**Net asset/(liability) recognised in the Balance Sheet as at 31st**						
1	Present value of defined benefit obligation as at 31st	2,736.45	1,944.96	394.01	277.25	1,738.27	1,169.26
2	Fair value of plan assets as at 31st	2,181.29	1,919.58	–	–	–	–
3	Funded status (surplus/ (deficit))	(555.16)	(25.38)	(394.01)	(277.25)	(1,738.27)	(1,169.26)
4	**Net asset/(liability) as at 31st**	**(555.16)**	**(25.38)**	**(394.01)**	**(277.25)**	**(1,738.27)**	**(1,169.26)**
III.	**Change in the obligations during the year ended 31st**						
1	Present value of defined benefit obligation at the beginning of the year	1,944.96	1,558.68	277.25	190.96	1,169.26	1,056.62
2	Current service cost	363.90	992.35	83.95	159.91	477.14	1,068.35
3	Transferred to Mahindra Asset Management Company Pvt. Ltd.	–	–	–	(0.32)	–	–
4	Interest cost	155.60	137.72	22.18	17.07	93.54	92.51
5	Actuarial (gains)/losses	509.23	(654.38)	10.63	(90.38)	266.33	(815.69)
6	Benefits paid	(237.23)	(89.41)	–	–	(268.01)	(232.52)
7	**Present value of defined benefit obligation at the year ended 31st**	**2,736.45**	**1,944.96**	**394.01**	**277.25**	**1,738.27**	**1,169.26**
IV.	**Change in the fair value of plan assets during the year ended 31st**						
1	Fair value of plan assets at the beginning of the year	1,919.58	1,583.37	–	–	–	–
2	Expected return on plan assets	166.11	150.41	–	–	–	–

Rs. in Lakhs

		Gratuity (Funded)		Sick leave (Non funded)		Privilege Leave	
		March 2017	March 2016	March 2017	March 2016	March 2017	March 2016
3	Contributions by employer	342.19	425.62	–	–	–	–
4	Actuarial (Gains)/Losses	(166.11)	(150.41)	–	–	–	–
5	Fund amount to be transferred from MBCSPL gratuity fund	–	–	–	–	–	–
6	Adjustment due to change in opening balance of Plan assets	156.76	–	–	–	–	–
7	Actual Benefits paid	(237.23)	(89.41)	–	–	–	–
8	**Fair value of plan assets at the end of the year**	**2,181.29**	**1,919.58**	–	–	–	–
V.	**Major category of plan assets as a percentage of total plan**						
	Funded with LIC	100%	100%	–	–	–	–
VI.	**Actuarial Assumptions**						
1	Discount Rate (p.a.)	7.36%	8%	7.36%	8%	7.36%	8%
2	Expected rate of return on plan assets (p.a.)	8%	8%	–	–	–	–
3	Rate of Salary increase (p.a.)	5%	5%	5%	5%	5%	5%
4	In-service Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

Rs. in Lakhs

		As at March 31				
VII. Experience Adjustments		**2017**	**2016**	**2015**	**2014**	**2013**
1	Defined benefit obligation at the end of the period	2,736.45	1,944.96	1,558.68	1,192.46	855.07
2	Plan assets at the end of period	2,181.29	1,919.57	1,583.37	1,111.98	776.20
3	Funded status surplus/(deficit)	(555.16)	(25.38)	24.69	(80.48)	(78.87)
4	Experience adjustments on plan liabilities (gain)/loss	338.58	(211.91)	(154.49)	(77.52)	(66.64)
5	Experience adjustments on plan assets gain/(loss)	(166.11)	(39.21)	(32.19)	(21.77)	(16.07)

35. Disclosure on derivatives

Outstanding derivative instruments and un-hedged foreign currency exposures as at March 31, 2017

The Company has outstanding Foreign Currency Non-Repatriable (FCNR (b)) loans of US $ 1535.23 Lakhs (March 31, 2016 : US $ 1209.88 Lakhs). The said loan has been hedged to INR liability using a cross currency and interest swap. There is no un-hedged foreign currency exposure as on March 31, 2017.

During the year, the Company has changed its accounting policy for derivative transactions to align to the Guidance Note on Accounting for Derivative Transactions issued by the Institute of Chartered Accountants of India applicable with effect from April 01, 2016. Consequently, mark to market loss of Rs.514.68 Lakhs (net of deferred tax of Rs.272.38 Lakhs) is charged to opening retained earnings as transitional charge in respect of derivative transactions outstanding as at April 01, 2016 and a loss of Rs. 2365.54 Lakhs is charged to Statement of profit and loss for the year ended March 31, 2017.

36. Securitisation/assignment transactions

a) During the year, the Company has without recourse securitised on “at par” basis vide PTC route loan receivables of 11489 contracts (March 31, 2016 : 30940 contracts) amounting to Rs. 33772.18 Lakhs (March 31, 2016: Rs. 85586.85 Lakhs) for a consideration of Rs 33772.18 Lakhs (March 31, 2016: Rs. 85586.85 Lakhs) and de-recognised the assets from the books.

b) Income from assignment/securitization transactions include write back of provision for loss/expenses in respect of matured assignment transactions amounting to Rs Nil (March 31, 2016 : Rs. 6756.56 Lakhs) considered no longer necessary (refer Accounting policy 3 (IV) A (iii)).

c) In terms of the accounting policy stated in 3 (IV) (B) (i) (c), securitisation income is recognized as per RBI Guidelines dated 21st August, 2012. Accordingly, interest only strip representing present value of interest spread receivable has been recognized and reflected under loans and advances.

d) Excess interest spread received during the year by the Special Purpose Vehicle Trust (SPV Trust) has been recognised as income and included in Income from assignment/securitisation transactions amounting to Rs.11500.70 Lakhs (March 31,2016: Rs. 12062.65 Lakhs)

37. There were 176 cases (March 31, 2016: 150 cases) of frauds amounting to Rs. 397.06 Lakhs (March 31, 2016 : Rs 559.99 Lakhs) reported during the year. The Company has recovered an amount of Rs.125.98 Lakhs (March 31, 2016 : Rs 117.89 Lakhs) and has initiated appropriate legal actions against the individuals involved. The claims for the un-recovered losses have been lodged with the insurance companies.

38. The are no gold loans outstanding as at March 31, 2017 (March 31, 2016 : 0.02% of total assets).

39. During the year, the Company has incurred an expenditure of Rs.2905.66 Lakhs (March 31, 2016 : Rs. 2791.69 Lakhs) towards Corporate Social Responsibility activities which includes contribution/donations made to the trusts which are engaged in activities prescribed under section 135 of the Companies Act, 2013 read with Schedule VII to the said Act and expense of Rs.141.87 Lakhs (March 31, 2016 : Rs. 114.26 Lakhs) towards the CSR activities undertaken by the Company (refer note no. 26).

40. During the year, the Company had made a contribution of Rs.160.00 Lakhs (March 31, 2016 : Nil) to New Democratic Electoral Trust, a Trust approved by the Central Board of Direct Taxes under Electoral Trust Scheme, 2013 to enable Electoral Trust to make contributions to political party/parties duly registered with the Election Commission, in such manner and at such times as it may decide from time to time. This contribution is as per the provisions of section 182 of the Companies Act, 2013.

41. During the year, the Department of Sales Tax in the State of Maharashtra has initiated an investigation proceeding against the Company under Section 64 of the Maharashtra Value Added Tax Act, 2002, in relation to the taxability of sale of vehicles on behalf of the Company’s customers from fiscal year 2011 to the period ended October 30, 2016. The Company has made payment of Rs. 2935.92 Lakhs under protest. The company has received a demand notice for fiscal year 2011 for Rs 492.95 Lakhs which has been shown under contingent liability, however the demand notice from fiscal 2012 is yet to be received from the department.

42. Pursuant to Notification No. G.S.R. 308 (E) dated March 30, 2017 issued by the Ministry of Corporate Affairs requiring the Companies to disclose the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016, the Company provides here below the required details.

Rs. in Lakhs

	SBNs	Other Denomination notes	Total
Closing cash in hand as on November 8, 2016	**3,336.73**	**263.81**	**3,600.54**
Add : Permitted Receipts #	10.78	81,369.76	81,380.54
Less : Permitted Payments	–	12.65	12.65
Less : Amount deposited in Banks	3,347.51	79,176.19	82,523.70
Closing cash in hand as on December 30, 2016	**–**	**2,444.73**	**2,444.73**

\# includes non-permitted receipts of SBNs aggregating to Rs.10.78 Lakhs received from customers and directly deposited by customers into Company's bank accounts from November 9, 2016 to November 11, 2016.

43. Related party disclosure as per Accounting Standard 18

A) List of the related parties and nature of relationship with our Company during the year:

Holding Company:	Mahindra and Mahindra Limited
Subsidiary Companies:	Mahindra Insurance Brokers Limited Mahindra Rural Housing Finance Limited Mahindra Asset Management Company Private Limited Mahindra Trustee Company Private Limited
Joint Ventures:	Mahindra Finance USA, LLC
Fellow subsidiary Companies:	2 x 2 Logistics Private Limited Mahindra USA, Inc. Mahindra Two Wheelers Limited NBS International Ltd. Mahindra First Choice Wheels Ltd. Mahindra Defence Systems Ltd. Mahindra Retail Pvt Ltd. Mahindra Integrated Business Solutions Ltd. Mahindra Vehicle Manufacturers Ltd. Mahindra Construction Company Ltd.
Fellow Associates:	Tech Mahindra Ltd.
Key Management Personnel:	Mr. Ramesh Iyer (Vice-Chairman and Managing Director)
Relatives of Key Management Personnel:	Ms Janaki Iyer Ms Ramlaxmi Iyer Mr Risheek Iyer

B) Related party transactions are as under:

Rs. in Lakhs

Sr. No.	Nature of transactions	Holding Company	Subsidiary Companies	Fellow subsidiary Companies/ Associates	Joint Ventures	* Key Management Personnel
1	Income					
	Loan income	–	–	222.49	–	–
		–	–	(64.15)	–	–
	Subvention/Disposal loss income	3,786.03	–	–	–	–
		(4,049.60)	–	–	–	–
	Other income	–	2,464.77	3.91	–	–
		–	(2,549.83)	(3.47)	–	–
2	Expenses					
	Interest	1,638.56	1,462.16	190.68	–	19.24
		(126.12)	(1,363.13)	–	–	(20.12)
	Other expenses	2,334.64	2,826.86	1,270.35	–	
		(1,777.74)	(2,389.54)	(602.83)	–	–
	Remuneration to KMP's					674.59
						(436.13)
3	Investment in share capital	–	14,455.00	–	3,111.84	–
		–	(9,457.22)	–	(4,530.32)	–
4	Purchase of fixed assets	142.16	–	0.48	–	–
		(254.81)	–	(30.97)	–	–
5	Sale of fixed assets	–	13.98	–	–	–
		–	(11.35)	–	–	–
6	Finance					
	Fixed deposits taken	–	2,925.00	–	–	18.07
		–	(3,750.00)	–	–	(18.94)
	Fixed deposits matured	–	4,375.00	–	–	–
		–	(125.00)	–	–	(21.67)
	Dividend paid for – previous year	11,648.31	–	–	–	25.46
		(11,648.31)	–	–	–	(23.85)
	Inter corporate deposits taken	50,000.00	8,525.00	30,000.00	–	–
		(30,000.00)	(7,500.00)	–	–	–
	Inter corporate deposits repaid	55,000.00	9,250.00	–	–	–
		–	(8,150.00)	–	–	–
	Inter corporate deposits given	–	–	–	–	–
		–	–	–	–	–
	Inter corporate deposits refunded	–	4,656.50	–	–	–
		–	–	–	–	–

Rs. in Lakhs

Sr. No.	Nature of transactions	Holding Company	Subsidiary Companies	Fellow subsidiary Companies/ Associates	Joint Ventures	* Key Management Personnel
7	Other transactions					
	Reimbursement from parties	–	–	–	–	–
		–	–	–	–	–
	Reimbursement to parties	–	–	184.15	–	–
		–	–	(153.08)	–	–
8	Balances as at the end of the period					
	Receivables	–	103.09	78.07	–	–
		(315.06)	(66.57)	(127.42)	–	–
	Loan given (including interest accrued but not due)	–	–	2,448.79	–	–
		–	–	(1,870.04)	–	–
	Inter corporate deposits given (including interest accrued but not due)	–	–	113.38	–	–
		–	(5,189.14)	–	–	–
	Payables	882.92	952.54	400.50	–	–
		–	(692.74)	(218.94)	–	–
	Subordinate debt held (including interest accrued but not due)	–	700.57	–	–	–
		–	(700.76)	–	–	–
	Inter corporate deposits taken (including interest accrued but not due)	25,260.01	201.09	30,171.61	–	–
		(30,113.51)	(936.04)	–	–	–
	Fixed deposits (including interest accrued but not due)	–	13,957.65	–	–	245.59
		–	(15,143.45)	–	–	(226.54)

Notes:

Figures in bracket represent corresponding figures of previous year.

* Key Management Personnel as defined in Accounting Standard 18.

C) The significant related party transactions are as under:

Rs. in Lakhs

Nature of transactions		Holding Company	Subsidiary Companies	Fellow subsidiary Companies
Income				
Revenue from operations				
Subvention/Disposal loss income	Mahindra & Mahindra Limited	3,786.03	–	–
		(4,049.60)	–	–
Loan income	2 x 2 Logistics Pvt. Ltd.	–	–	222.03
		–	–	(62.08)
Other income				
Interest income on inter corporate deposits/subordinate debt	Mahindra Rural Housing Finance Limited	–	213.44	–
		–	(567.27)	–
Income from shared services	Mahindra Insurance Brokers Limited	–	174.53	–
		–	(149.78)	–
Income from shared services	Mahindra Rural Housing Finance Limited	–	588.01	–
		–	(454.75)	–
Dividend income	Mahindra Rural Housing Finance Limited	–	927.68	–
		–	(747.76)	–
Dividend income	Mahindra Insurance Brokers Limited	–	328.61	–
		–	(273.84)	–
ESOP compensation recovered	Mahindra Rural Housing Finance Limited	–	86.82	–
		–	(200.07)	–
ESOP compensation recovered	Mahindra Insurance Brokers Limited	–	116.62	–
		–	(113.98)	–
Expenses				
Interest				
Interest expense on inter corporate deposits and non-convertible debentures	Mahindra Insurance Brokers Limited	–	1,462.16	–
		–	(1,363.13)	–
Interest expense on inter corporate deposits and non-convertible debentures	Mahindra & Mahindra Limited	1,638.56	–	–

Rs. in Lakhs

Nature of transactions		Holding Company	Subsidiary Companies	Fellow subsidiary Companies
Other expenses				
Rent	Mahindra & Mahindra Limited	1,388.30	–	–
		(1,267.00)	–	–
Handling Charges	Mahindra Insurance Brokers Limited	–	2,826.86	–
		–	(2,389.54)	–
Commission & Valuation charges	Mahindra First Choice Wheels Limited	–	–	1,056.10
		–	–	(526.94)
Investment in Share Capital	Mahindra Rural Housing Finance Limited	–	11,375.00	–
		–	(3,497.22)	–
Investment in Share Capital	Mahindra Asset Management Co Pvt. Ltd.	–	3,045.00	–
		–	(5,950.00)	–
Purchase of fixed assets	Mahindra & Mahindra Limited	142.16	–	–
		(254.81)	–	–
Sale of fixed assets	Mahindra Rural Housing Finance Limited	–	13.98	–
		–	–	–
Finance				
Fixed Deposits	Mahindra Insurance Brokers Limited	–	2,925.00	–
		–	(3,750.00)	–
Fixed deposits matured	Mahindra Insurance Brokers Limited	–	4,375.00	–
		–	(125.00)	–
Dividend paid – for previous year	Mahindra & Mahindra Limited	11,648.31	–	–
		(11,648.31)	–	–
Inter corporate deposits taken	Mahindra Insurance Brokers Limited	–	8,525.00	–
		–	(7,500.00)	–
Inter corporate deposits taken	Mahindra & Mahindra Limited	50,000.00	–	–
		(30,000.00)	–	–
Inter corporate deposits taken	Tech Mahindra Limited	–	–	30,000.00
		–	–	–
Inter corporate deposits repaid	Mahindra Insurance Brokers Limited	–	9,250.00	–
		–	(8,150.00)	–
Inter corporate deposits repaid	Mahindra & Mahindra Limited	55,000.00	–	–
		–	–	–
Inter corporate deposits refunded	Mahindra Rural Housing Finance Limited	–	4,656.50	–
		–	–	–
Balances at the year end				
Receivables	Mahindra & Mahindra Limited	–	–	–
		(315.06)	–	–
Receivables	Mahindra Rural Housing Finance Limited	–	95.91	–
		–	(66.57)	–
Receivables	NBS International	–	–	78.07
		–	–	(127.42)
Loan outstanding	2 x 2 Logistics Pvt Ltd	–	–	2,114.46
		–	–	(1,865.14)
Payables	Mahindra Insurance Brokers Limited	–	952.54	–
		–	(692.74)	–
Payables	Mahindra First Choice Wheels Limited	–	–	283.38
		–	–	(155.44)
Payables	Mahindra & Mahindra Limited	882.92	–	–
		–	–	–
Inter corporate deposits taken (including interest accrued but not due)	Mahindra Insurance Brokers Limited	–	201.09	–
		–	(936.04)	–
Inter corporate deposits taken (including interest accrued but not due)	Mahindra & Mahindra Limited	25,260.01	–	–
		(30,113.51)	–	–
Inter corporate deposits taken (including interest accrued but not due)	Tech Mahindra Limited	–	–	30,171.61
		–	–	–
Inter corporate deposits given (including interest accrued but not due)	Mahindra Rural Housing Finance Limited	–	–	–
		–	(5,189.14)	–
Subordinate debt held (including interest accrued but not due)	Mahindra Rural Housing Finance Limited	–	700.57	–
		–	(700.76)	–
Fixed deposits	Mahindra Insurance Brokers Limited	–	13,957.65	–
		–	(15,143.45)	–

Figures in bracket represent corresponding figures of previous year.

* Key Management Personnel as defined in Accounting Standard 18 as well as the Companies Act, 2013.

d) Disclosure required under Section 186 (4) of the Companies Act, 2013.

As at March 31, 2017

Rs. in Lakhs

Particulars		Relation	Balance as on April 1, 2016	Advances/ investments	Repayments/ sale	Balance as on March 31, 2017
(A)	**Loans and advances**					
	Mahindra Rural Housing Finance Ltd.	Subsidiary	4,656.50	–	4,656.50	–
	Mahindra Retail Pvt. Ltd.	Fellow subsidiary	4.90	–	4.90	–
	2 x 2 Logistics Pvt. Ltd.	Fellow subsidiary	1,865.14	674.00	424.68	2,114.46
			6,526.54	**674.00**	**5,086.08**	**2,114.46**
(B)	**Unsecured redeemable non-convertible subordinate debentures**					
	Mahindra Rural Housing Finance Ltd.	Subsidiary	700.00	–	–	700.00
			700.00	**–**	**–**	**700.00**
(C)	**Investments**					
	Mahindra Insurance Brokers Ltd.	Subsidiary	47.98	–	–	47.98
	Mahindra Rural Housing Finance Ltd.	Subsidiary	11,877.22	11,375.00	–	23,252.22
	Mahindra Asset Management Company Pvt. Ltd.	Wholly owned Subsidiary	6,055.00	3,045.00	–	9,100.00
	Mahindra Trustee Company Pvt. Ltd.	Wholly owned Subsidiary	15.00	35.00	–	50.00
	Mahindra Finance USA, LLC	Joint Venture	15,317.32	3,111.84	–	18,429.16
			33,312.52	**17,566.84**	**–**	**50,879.36**
	Total		**40,539.06**	**18,240.84**	**5,086.08**	**53,693.82**

Notes:

i) Above loans & advances and investments have been given for general business purposes.

ii) There were no guarantees given/securities provided during the year.

As at March 31, 2016

Rs. in Lakhs

Particulars		Relation	Balance as on April 1, 2015	Advances/ investments	Repayments/ sale	Balance as on March 31, 2016
(A)	**Loans and advances**					
	Mahindra Rural Housing Finance Ltd.	Subsidiary	4,656.50	–	–	4,656.50
	Mahindra Retail Pvt. Ltd.	Fellow subsidiary	30.08	–	25.18	4.90
	2 x 2 Logistics Pvt. Ltd.	Fellow subsidiary	13.21	1,952.93	101.00	1,865.14
			4,699.79	**1,952.93**	**126.18**	**6,526.54**
(B)	**Unsecured redeemable non-convertible subordinate debentures**					
	Mahindra Rural Housing Finance Ltd.	Subsidiary	700.00	–	–	700.00
			700.00	**–**	**–**	**700.00**
(C)	**Investments**					
	Mahindra Insurance Brokers Ltd.	Subsidiary	47.98	–	–	47.98
	Mahindra Rural Housing Finance Ltd.	Subsidiary	8,380.00	3,497.22	–	11,877.22
	Mahindra Asset Management Company Pvt. Ltd.	Wholly owned Subsidiary	105.00	5,950.00	–	6,055.00
	Mahindra Trustee Company Pvt. Ltd.	Wholly owned Subsidiary	5.00	10.00	–	15.00
	Mahindra Finance USA, LLC	Joint Venture	10,787.01	4,530.31	–	15,317.32
			19,324.99	**13,987.53**	**–**	**33,312.52**
	Total		**24,724.78**	**15,940.46**	**126.18**	**40,539.06**

Notes:

i) Above loans & advances and investments have been given for general business purposes.

ii) There were no guarantees given/securities provided during the year.

44. Contingent liabilities and commitments (to the extent not provided for)

Rs. in Lakhs

	As at March 31 March 2017	March 2016
i) Contingent liabilities		
a) Demand against the Company not acknowledged as debts -		
- Income tax	5,247.71	3,835.66
- Value Added Tax (VAT)	684.93	191.98
- Service tax	5,541.95	5,283.34
b) Corporate guarantees towards assignment transactions	–	15,331.13
c) Credit enhancement in terms of corporate guarantee for Securitization transactions	21,037.84	17,196.42
d) Legal suits filed by customers in consumer forums and civil courts claiming compensation from the Company	4,328.62	3,373.92
	36,841.05	45,212.45
ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account	469.77	274.82
	469.77	274.82
Total	**37,310.82**	**45,487.27**

45. Changes in provisions

Rs. in Lakhs

	As at April 1, 2016	Additional Provisions	Utilizations/ Reversals	As at March 31, 2017
Provision for Standard assets	14,035.00	2,180.00	–	16,215.00
Provision for Non-performing assets	1,49,213.18	1,00,239.51	56,006.05	1,93,446.63

46. MICRO AND SMALL ENTERPRISES:

Based on and to the extent of the information received by the Company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) and relied upon by the auditors, there are no amounts due to MSME as at March 31, 2017.

The relevant particulars as at the year-end as required under the MSMED Act are furnished here below:

Rs. in Lakhs

	For the year ended March 31 2017	2016
a) Principal amount due and remaining unpaid to suppliers as at the year end	–	–
b) Interest accrued and due to suppliers on the above amount as at the year end	–	–
c) Interest paid to suppliers in terms of Section 16 of the MSMED Act	–	–
d) Payment made to suppliers (other than interest) beyond the appointed day, during the year	–	–
e) Interest paid to suppliers (other than Section 16 of the MSMED Act)	–	–
f) Interest due and payable to suppliers for payments already made (for the period of delay, if any)	–	–
g) Interest accrued and remaining unpaid at the year end	–	–
h) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	–	–

47. Secured long-term borrowings

i) Secured non-convertible debentures

Rs. in Lakhs

As at March 31 2017

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current Maturities	Total
Repayable on maturity:				
Maturing beyond 5 years	8.70% – 9.00%	1,89,200.00	–	1,89,200.00
Maturing between 3 years to 5 years	7.50% – 8.90%	1,32,780.00	–	1,32,780.00
Maturing between 1 year to 3 years	7.43% – 10.25%	8,55,350.00	–	8,55,350.00
Maturing within 1 year	7.38% – 9.45%	–	2,43,380.00	2,43,380.00
Total		**11,77,330.00**	**2,43,380.00**	**14,20,710.00**

Rs. in Lakhs

As at March 31 2016

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current Maturities	Total
Repayable on maturity:				
Maturing beyond 5 years	8.70% – 9.00%	1,89,200.00	–	1,89,200.00
Maturing between 3 years to 5 years	8.48% – 9.45%	2,01,950.00	–	2,01,950.00
Maturing between 1 year to 3 years	8.48% – 10.25%	3,39,240.00	–	3,39,240.00
Maturing within 1 year	8.57% – 10.20%	–	2,34,470.00	2,34,470.00
Total		**7,30,390.00**	**2,34,470.00**	**9,64,860.00**

ii) Secured term loans from banks

Rs. in Lakhs

As at March 31 2017

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current Maturities	Total
1) Repayable on maturity:				
Maturing between 1 year to 3 years	8.05% – 8.55%	74,000.00	–	74,000.00
Maturing within 1 year	8.55% – 9.70%	–	35,000.00	35,000.00
Total for repayable on maturity		**74,000.00**	**35,000.00**	**1,09,000.00**
2) Repayable in installments:				
i) Quarterly				
Maturing between 3 years to 5 years	8.15% – 8.90%	15,000.00	–	15,000.00
Maturing between 1 year to 3 years	8.15% – 9.35%	76,130.95	–	76,130.95
Maturing within 1 year	8.15% – 9.65%	–	85,476.19	85,476.19
Total		**91,130.95**	**85,476.19**	**1,76,607.14**

Rs. in Lakhs

From the Balance Sheet date		Rate range	(a) Non-current	(b) Current Maturities	Total
		As at March 31 2017			
ii)	**Half yearly**				
	Maturing beyond 3 years to 5 years	8.30% – 9.05%	25,000.00	–	25,000.00
	Maturing between 1 year to 3 years	8.30% – 9.70%	1,17,666.67	–	1,17,666.67
	Maturing within 1 year	8.50% – 9.70%	–	74,333.33	74,333.33
	Total		**1,42,666.67**	**74,333.33**	**2,17,000.00**
iii)	**Yearly**				
	Maturing between 3 years to 5 years	9.30%-9.70%	36,666.67	–	36,666.67
	Maturing between 1 year to 3 years	8.45%-9.70%	1,41,667.00	–	1,41,667.00
	Maturing within 1 year	8.45%-9.70%	–	48,333.33	48,333.33
	Total		**1,78,333.67**	**48,333.33**	**2,26,667.00**
Total for repayable in installments			**4,12,131.28**	**2,08,142.86**	**6,20,274.14**
	Total (1+2)		**4,86,131.28**	**2,43,142.86**	**7,29,274.14**

Rs. in Lakhs

	From the Balance Sheet date		Rate range	(a) Non-current	(b) Current Maturities	Total
			As at March 31, 2016			
1)	**Repayable on maturity:**					
	Maturing beyond 5 years		–	–	–	–
	Maturing between 3 years to 5 years		–	–	–	–
	Maturing between 1 year to 3 years		9.65% – 9.75%	35,000.00	–	35,000.00
	Maturing within 1 year		9.50% – 9.95%	–	1,27,500.00	1,27,500.00
	Total for repayable on maturity			**35,000.00**	**1,27,500.00**	**1,62,500.00**
2)	**Repayable in installments:**					
	i)	**Quarterly**				
		Maturing beyond 5 years	–	–	–	–
		Maturing between 3 years to 5 years	9.00% – 9.30%	15,892.86	–	15,892.86
		Maturing between 1 year to 3 years	9.30% – 9.65%	1,00,714.29	–	1,00,714.29
		Maturing within 1 year	9.30% – 9.70%	–	61,907.14	61,907.14
		Total		**1,16,607.14**	**61,907.14**	**1,78,514.29**
	ii)	**Half yearly**				
		Maturing beyond 3 years to 5 years	9.00% – 9.45%	50,000.00	–	50,000.00
		Maturing between 1 year to 3 years	9.65% – 9.75%	1,06,000.00	–	1,06,000.00
		Maturing within 1 year	9.65% – 9.75%	–	1,07,000.00	1,07,000.00
		Total		**1,56,000.00**	**1,07,000.00**	**2,63,000.00**
	iii)	**Yearly**				
		Maturing beyond 5 years	–	–	–	–
		Maturing between 3 years to 5 years	9.65% – 9.70%	75,833.33	–	75,833.33
		Maturing between 1 year to 3 years	9.35% – 9.70%	1,50,833.33	–	1,50,833.33
		Maturing within 1 year	9.65% – 9.70%	–	45,833.33	45,833.33
		Total		**2,26,666.67**	**45,833.33**	**2,72,500.00**
	Total for repayable in installments			**4,99,273.81**	**2,14,740.48**	**7,14,014.29**
	Total (1+2)			**5,34,273.81**	**3,42,240.48**	**8,76,514.29**

iii) Foreign currency loans from banks

Rs. in Lakhs

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current Maturities	Total
	As at March 31, 2017			
Repayable on maturity:				
Maturing between 1 year to 3 years	LIBOR plus spread 1.07% – 2.20%	47,460.87	–	47,460.87
Maturing within 1 year	LIBOR plus spread 1.07% – 2.20%	–	52,099.08	52,099.08
Total		**47,460.87**	**52,099.08**	**99,559.95**

Rs. in Lakhs

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current Maturities	Total
	As at March 31, 2016			
Repayable on maturity:				
Maturing between 1 year to 3 years	LIBOR plus spread 1.07% – 2.20%	53,227.83	–	53,227.83
Maturing within 1 year	LIBOR plus spread 1.07% – 2.20%	–	26,932.51	26,932.51
Total		**53,227.83**	**26,932.51**	**80,160.34**

48. Unsecured borrowings

i) Subordinated debts (long-term)
As at March 31, 2017
– Issued on private placement basis:

Rs. in Lakhs

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current Maturities	Total
Repayable on maturity:				
Maturing beyond 5 years	8.90% – 10.15%	58,780.00	–	58,780.00
Maturing between 3 years to 5 years	9.50% – 10.50%	37,270.00	–	37,270.00
Maturing between 1 year to 3 years	9.85% – 11.75%	15,480.00	–	15,480.00
Maturing within 1 year	10.50% – 12.00%	–	6,880.00	6,880.00
Sub-total (i)		**1,11,530.00**	**6,880.00**	**1,18,410.00**

– Issued to retail investors through public issue:

Rs. in Lakhs

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current Maturities	Total
Repayable on maturity:				
Maturing beyond 5 years	8.44% – 9.00%	94,534.22	–	94,534.22
Maturing between 3 years to 5 years	8.34% – 8.70%	5,465.78	–	5,465.78
Sub-total (ii)		**1,00,000.00**	**–**	**1,00,000.00**
Total (i+ii)		**2,11,530.00**	**6,880.00**	**2,18,410.00**

As at March 31, 2016

– **Issued on private placement basis:**

Rs. in Lakhs

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current Maturities	Total
Repayable on maturity:				
Maturing beyond 5 years	8.90% – 10.50%	68,830.00	–	68,830.00
Maturing between 3 years to 5 years	9.50% – 10.02%	41,720.00	–	41,720.00
Maturing between 1 year to 3 years	10.50% – 12.00%	7,860.00	–	7,860.00
Sub-total (i)		**1,18,410.00**	**–**	**1,18,410.00**

– **Issued to retail investors through public issue:**

Rs. in Lakhs

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current Maturities	Total
Repayable on maturity:	–	–	–	–
Sub-total (ii)		–	–	–
Total (i+ii)		**1,18,410.00**	**–**	**1,18,410.00**

ii) Unsecured term loans from banks

As at March 31, 2017:

Rs. in Lakhs

From the Balance Sheet date	Rate range	(a) Short-term	(b) Long-term	Total
Repayable on maturity:				
Maturing within 1 year	7.50% – 8.00%	7,400.00	–	7,400.00
Total		**7,400.00**	**–**	**7,400.00**

As at March 31, 2016:

Rs. in Lakhs

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current	Total
Repayable on maturity:				
Maturing within 1 year	9.5% – 10%	–	10,000.00	10,000.00
Total		**–**	**10,000.00**	**10,000.00**

iii) Inter-corporate deposits (ICDs)

As at March 31, 2017

Rs. in Lakhs

From the Balance Sheet date	Rate range	(a) Short-Term	Long-Term (b) Non-current	Long-Term (c) Current Maturities	Total
Repayable on maturity:					
Maturing within 1 year	6.50% – 7.50%	55,200.00	–	–	55,200.00
Total		**55,200.00**	**–**	**–**	**55,200.00**

As at March 31, 2016

Rs. in Lakhs

From the Balance Sheet date	Rate range	(a) Short-Term	Long-Term (b) Non-current	Long-Term (c) Current Maturities	Total
Repayable on maturity:					
Maturing within 1 year	8.45% – 9.05%	30,925.00	–	–	30,925.00
Total		**30,925.00**	**–**	**–**	**30,925.00**

iv) Fixed deposits

As at March 31, 2017

Rs. in Lakhs

From the Balance Sheet date	Rate range	(a) Short-Term	Long-term (b) Non-current	Long-term (c) Current Maturities	Total
a) Maturing beyond 3 years	7.35% – 10.10%	–	31,748.40	–	31,748.40
b) Maturing between 1 year to 3 years	7.35% – 10.10%	–	1,91,170.45	–	1,91,170.45
c) Maturing within 1 year	7.30% – 10.60%	25,686.71	–	1,89,690.58	2,15,377.29
Total		**25,686.71**	**2,22,918.85**	**1,89,690.58**	**4,38,296.14**

As at March 31, 2016

Rs. in Lakhs

From the Balance Sheet date	Rate range	(a) Short-Term	Long-term (b) Non-current	Long-term (c) Current Maturities	Total
a) Maturing beyond 3 years	8.20% – 10.10%	–	15,832.63	–	15,832.63
b) Maturing between 1 year to 3 years	8.20% – 10.60%	–	281,033.37	–	281,033.37
c) Maturing within 1 year	7.90% – 10.60%	17,829.68	–	163,730.66	181,560.34
Total		**17,829.68**	**296,866.01**	**163,730.66**	**4,78,426.35**

49. Short – term borrowings

i) Secured term loans from banks and cash credit facilities

As at March 31, 2017

Rs. in Lakhs

From the Balance Sheet date	Rate range	Amount
Repayable on maturity:		
Maturing within 1 year	7.90% – 12.35%	1,32,690.05
Total		**1,32,690.05**

As at March 31, 2016

Rs. in Lakhs

From the Balance Sheet date	Rate range	Amount
Repayable on maturity:		
Maturing within 1 year	9.50% – 12.15%	1,09,934.60
Total		**1,09,934.60**

ii) Commercial papers

As at March 31, 2017

Rs. in Lakhs

From the Balance Sheet date	Rate range	Current
Repayable on maturity:		
Maturing within 1 year	6.65% – 7.31%	3,65,500.00
Total		**3,65,500.00**

As at March 31, 2016

Rs. in Lakhs

From the Balance Sheet date	Rate range	Current
Repayable on maturity:		
Maturing within 1 year	8.09% – 9.20%	2,76,000.00
Total		**2,76,000.00**

50. Managerial remuneration to Directors included in the Statement of Profit and Loss

Rs. in Lakhs

	Year ended March 31	
	2017	2016
Salary and perquisites	848.11	564.08
Sitting fees and commission	275.72	294.55
Total	1123.83	858.63

Above figures are excluding charge for gratuity, provision for leave encashment as separate actuarial valuation figures are not available.

51. Schedule to the Balance Sheet of a Non-Banking Financial Company as required under Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

Rs. in Lakhs

Sr. No.	Particulars	As at March 31 2017 Amount Outstanding	2017 Amount Overdue	2016 Amount Outstanding	2016 Amount Overdue
	Liabilities side				
(1)	**Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid:**				
	(a) Debentures: Secured	15,03,137.31	–	10,12,166.76	–
	(b) Deferred Credits	–	–	–	–
	(c) Term Loans	8,07,909.69	–	9,15,559.66	–
	(d Inter-corporate loans and Other Borrowings	55,632.72	–	31,049.56	–
	(e) Commercial Paper	3,65,500.00	–	2,76,000.00	–
	(f) Public Deposits	4,21,571.95	–	4,66,215.66	–
	(g) Fixed Deposits accepted from Corporates	48,898.50	–	47,460.23	–
	(h) FCNR Loans	99,654.21	–	80,287.64	–
	(i) Subordinate debt (including NCDs issued through Public issue)	2,31,130.30	–	1,24,089.84	–
	(j) Other Short-Term Loans and credit facilities from banks	62,090.05	–	81,834.60	–
(2)	**Break-up of (1) (f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):**				
	(a) In the form of Unsecured debentures	–	–	–	–
	(b) In the form of partly secured debentures i.e., debentures where there is a shortfall in the value of security	–	–	–	–
	(c) Other public deposits	4,21,571.95	–	4,66,215.66	–

Rs. in Lakhs

		As at March 31 2017 Amount Outstanding	2016 Amount Outstanding
	Asset side:		
(3)	**Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:**		
	(a) Secured	20,085.18	26,162.10
	(b) Unsecured	1,87,119.57	1,69,101.15
(4)	**Break up of Leased Assets and stock on hire and hypothecation loans 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) Loans where assets have been repossessed	15,278.93	5,951.34
	(b) Loans other than (a) above	38,19,078.69	33,04,801.42
(5)	**Break-up of Investments:**		
	Current Investments:		
	1. Quoted:		
	(i) Shares:		
	(a) Equity	–	–
	(b) Preference	–	–
	(ii) Debentures and Bonds	7,775.01	9,279.17
	(iii) Units of mutual funds	27,500.00	–
	(iv) Government Securities	–	–
	(v) Investments in Certificate of Deposits with Banks	–	–
	2. Unquoted:		
	(i) Shares:		
	(a) Equity	–	–
	(b) Preference	–	–
	(ii) Debentures and Bonds	–	–
	(iii) Units of mutual funds	–	–
	(iv) Government Securities	–	–
	(v) Certificate of Deposits with Banks	–	24,821.50
	(vi) Commercial Papers	22,500.00	15,000.00
	Long Term Investments:		
	1. Quoted:		
	(i) Shares:		
	(a) Equity	–	–
	(b) Preference	–	–
	(ii) Debentures and Bonds	8,975.00	2,000.01
	(iii) Units of mutual funds	200.00	–
	(iv) Government Securities	70,418.03	63,220.81
	2. Unquoted:		
	(i) Shares:		
	(a) Equity	50,880.36	33,312.57
	(b) Preference	–	–
	(ii) Debentures and Bonds	700.00	700.00
	(iii) Units of mutual funds	–	–
	(iv) Government Securities	–	–

(6) Borrower group-wise classification of assets financed as in (3) and (4) above:

Category	March 2017 Amount net of provisions Secured	Unsecured	Total	March 2016 Amount net of provisions Secured	Unsecured	Total
1. Related Parties						
(a) Subsidiaries	–	–	–	–	5,189.14	5,189.14
(b) Companies in the same group	2,114.46	–	2,114.46	1,870.04	–	1,870.04
(c) Other related parties	–	–	–	–	–	–
2. Other than related parties	38,52,328.34	1,87,119.57	40,39,447.91	33,35,044.82	1,63,912.01	34,98,956.83
Total	**38,54,442.80**	**1,87,119.57**	**40,41,562.37**	**33,36,914.86**	**1,69,101.15**	**35,06,016.01**

(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

Rs. in Lakhs

Category	March 2017 Market Value/ Break up or fair value or NAV	March 2017 Book Value (Net of Provisions)	March 2016 Market Value/ Break up or fair value or NAV	March 2016 Book Value (Net of Provisions)
1. Related Parties				
(a) Subsidiaries	33,150.20	33,150.20	18,695.20	18,695.20
(b) Companies in the same group	18,430.16	18,430.16	15,317.37	15,317.37
(c) Other related parties	–	–	–	–
2. Other than related parties	1,42,582.79	1,09,668.04	1,17,028.83	1,14,321.49
Total	**1,94,163.15**	**1,61,248.40**	**1,51,041.40**	**1,48,334.06**

(8) Other information

	March 2017 Amount	March 2016 Amount
(i) Gross Non-Performing Assets:		
(a) Related parties	–	–
(b) Other than related parties	4,18,266.41	3,22,416.98
(ii) Net Non-Performing Assets:		
(a) Related parties	–	–
(b) Other than related parties	1,59,967.91	1,23,511.37
(iii) Assets acquired in satisfaction of debt:	–	–

52. Disclosures Sheet Disclosures as required under Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

I) Capital

Particulars	As at March 31 2017	As at March 31 2016
(i) CRAR (%)#	17.2%	17.3%
(ii) CRAR-Tier I Capital (%)	12.8%	14.6%
(iii) CRAR-Tier II Capital (%)	4.4%	2.7%
(iv) Amount of subordinated debt raised as Tier-II capital (Rs. in Lacs)	1,00,000.00	17,500.00
(v) Amount raised by issue of Perpetual Debt Instruments	–	–

In terms of the revised Accounting Standard (AS) – 4 'Contingencies and Events occurring after Balance Sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, dated March 30, 2016, the Company has not accounted for proposed dividend for the current financial year as liability as at March 31, 2017. However, the proposed dividend of Rs. 27126.87 Lakhs was accounted for as liability as at March 31, 2016 in accordance with the then existing Accounting Standard. The Company has adjusted the amount of proposed dividend amounting to Rs. 16097.30 Lakhs including dividend distribution tax for the current financial year determining capital funds for computation of Capital Adequacy ratio as at March 31, 2017.

II) Investments

Rs. in Lakhs

Particulars	As at March 31 2017	As at March 31 2016
1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	1,70,519.24	1,33,016.74
(b) Outside India	18,429.16	15,317.32
(ii) Provision for Depreciation		
(a) In India	–	–
(b) Outside India	–	–
(iii) Net Value of Investments		
(a) In India	1,70,519.24	1,33,016.74
(b) Outside India	18,429.16	15,317.32
2) Movement of provisions held towards depreciation on investments.		
(i) Opening balance	–	–
(ii) Add: Provisions made during the year	–	–
(iii) Less: Write-off/write-back of excess provisions during the year	–	–
(iv) Closing balance	–	–

III) Derivatives

a) Forward Rate Agreement/Interest Rate Swap

The Company is not carrying out any activity of providing Forward/Interest rate swap cover to third parties.

b) Exchange Traded Interest Rate (IR) Derivatives

The Company is not carrying out any activity of providing Derivative cover to third parties.

c) Disclosures on Risk Exposure in Derivatives

Qualitative Disclosures –

i) The Company undertakes the derivatives transaction to prudently hedge the risk in context of a particular borrowing or to diversify sources of borrowing and to maintain fixed and floating borrowing mix. The Company does not indulge into any derivative trading transactions. The Company reviews, the proposed transaction and outline any considerations associated with the transaction, including identification of the benefits and potential risks (worst case scenarios); an independent analysis of potential savings from the proposed transaction. The Company evaluates all the risks inherent in the transaction viz., counter party risk, Market Risk, Operational Risk, basis risk etc.

ii) Credit risk is controlled by restricting the counterparties that the Company deals with, to those who either have banking relationship with the Company or are internationally renowned or can provide sufficient information. Market/Price risk arising from the fluctuations of interest rates and foreign exchange rates or from other factors shall be closely monitored and controlled. Normally transaction entered for hedging, will run till its life, irrespective of profit or loss. However in case of exceptions it has to be un-winded only with prior approval of M.D/CFO/Treasurer Liquidity risk is controlled by restricting counterparties to those who have adequate facility, sufficient information, and sizable trading capacity and capability to enter into transactions in any markets around the world.

iii) The respective functions of trading, confirmation and settlement should be performed by different personnel. The front office and back-office role is well defined and segregated. All the derivatives transactions is quarterly monitored and reviewed by CFO and Treasurer. All the derivative transactions have to be reported to the board of directors on every quarterly board meetings including their financial positions.

Quantitative Disclosures –

d) FCNR(B) Loans Availed:

Rs. in Lakhs

Sr. No.	Particulars	As at March 31, 2017 Currency Derivatives	As at March 31, 2017 Interest Rate Derivatives	As at March 31, 2016 Currency Derivatives	As at March 31, 2016 Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount)	1,02,592.50		78,987.00	
	For hedging				
(ii)	Marked to Market Positions [1]				
	(a) Asset (+) Estimated gain	–	–	1,657.21	–
	(b) Liability (-) Estimated loss	(618.23)	(2.44)	–	(105.80)
(iii)	Credit Exposure [2]	–	–	–	–
(iv)	Unhedged Exposures	–	–	–	–

IV) Disclosures relating to Securitisation

a) Disclosures in the notes to the accounts in respect of securitisation transactions as required under revised guidelines on securitization transactions issued by RBI vide circular no.DNBS. PD.No.301/3.10.01/2012-13 dated August 21, 2012.

Applicable for transactions effected after the date of circular:

Rs. in Lakhs

Sr. No.	Particulars	As at March 31 2017	2016
1	No of SPVs sponsored by the NBFC for securitisation transactions	17	16
2	Total amount of securitised assets as per books of the SPVs sponsored	81,804.49	1,36,825.69
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	First loss- Credit enhancement in form of corporate undertaking	21,037.84	17,196.42
	Others	–	–
	b) On-balance sheet exposures		
	First loss- Cash collateral term deposits with banks	16,958.00	20,038.00
	Others- Retained interest in pass through certificates (excluding accrued interest)	151.77	472.12
4	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	(i) Exposure to own securitisations		
	First loss	–	–
	Loss	–	–
	(ii) Exposure to third party securitisations		
	First loss	–	–
	Others	–	–
	Excess Interest Spread	21,053.50	27,856.85
	b) On-balance sheet exposures		
	(i) Exposure to own securitisations		
	First loss	–	–
	Others- Cash collateral term deposits with banks	1,856.00	1,856.00
	(ii) Exposure to third party securitisations		
	First loss	–	–
	Others	–	–

b) Details of Financial Assets sold to Securitisation/Reconstruction Company for Asset Reconstruction

During the current year and the previous year the Company has not sold any financial assets to Securitisation/Reconstruction Company for asset reconstruction.

c) Details of Assignment transactions undertaken by NBFCs (During the year)

Rs. in Lakhs

		Year ended March 31 2017	2016
(i)	No. of accounts	–	–
(ii)	Aggregate value (net of provisions) of accounts sold	–	–
(iii)	Aggregate consideration	–	–
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	–	–
(v)	Aggregate gain/loss over net book value	–	–

d) Details of non-performing financial assets purchased/sold

i) Details of non-performing financial assets purchased:

During the current year and the previous year the Company has not purchased any non-performing financial assets.

ii) Details of Non-performing financial assets sold:

During the current year and the previous year the Company has not sold any non-performing financial assets

V) Exposures

a) Exposure to Real Estate Sector

During the current year and the previous the Company has no Exposure to Real estate Sector.

b) Exposure to Capital Market

During the current year and the previous year the Company has no exposure to Capital Market.

c) Details of financing of parent company products

Of the total financing activity undertaken by the Company during the financial year 2016-17, 47% (March 31, 2016: 45%) of the financing was towards parent company products

d) Details of Single Borrower Limit (SGL)/Group Borrower Limit (GBL) exceeded by the NBFC

During the current year and the previous year, the Company has not exceeded the prudential exposure limits.

e) Unsecured Advances

During the current year, the Company has granted unsecured advances of Rs. 187344.21 Lakhs (March 31, 2016: Rs.167916.29 Lakhs).

VI) Miscellaneous

a) Registration obtained from other financial sector regulators

During the current year and the previous year, the Company has not obtained any registration from other financial sector regulators.

b) Disclosure of Penalties imposed by RBI and other regulators

During the current year and the previous year, there are no penalties imposed by RBI and other regulators

c) Related Party Transactions

(refer note no. 43)

d) Rating assigned by credit rating agencies and migration of ratings during the year

Credit Rating –

During the year under review, CRISIL Limited (CRISIL), has reaffirmed the rating to the Company's Long-term Debt Instruments and Bank Facilities as 'CRISIL AA+/ Stable' and the Company's Fixed Deposit Programme as 'FAAA/Stable', respectively. The 'AA+/Stable' rating indicates a high degree of safety with regard to timely payment of financial obligations. The rating on the Company's Short-term Bank Loans and Cash Credit facility has been reaffirmed at 'CRISIL A1+' which is the highest level of rating.

During the year under review, India Ratings & Research Private Limited (IND), which is part of Fitch Group, reaffirmed the rating of Company's Long-term instrument and Subordinated Debt programme to 'IND AAA/Stable'. The Company's Short Term Commercial Paper has been rated at IND A1+

During the year under review, Credit Analysis & Research Limited (CARE), also reaffirmed the 'CARE AAA/ Stable' rating to Company's Long-term debt instrument and Subordinated Debt programme.

During the year under review, Brickwork Ratings India Private Limited (BWR) has, reaffirmed the 'BWR AAA/stable' rating of the Company's Long-term Subordinated Debt Issue.

The 'AAA' ratings denote the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

VII) Net Profit or Loss for the period, prior period items and change in accounting policies

There are no such material items which require disclosures in the notes to Account in terms of the relevant Accounting Standard.

VIII) Revenue Recognition

(Refer note no. 3 under Summary of Significant Accounting Policies).

IX) Accounting Standard 21- Consolidated Financial Statements (CFS)

All the subsidiaries of the Company have been consolidated as per Accounting Standard 21

Refer consolidated financial statements (CFS).

Additional Disclosures:

X) Provisions and Contingencies

Rs. in Lakhs

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	Year ended March 31 2017	2016
Provisions for depreciation on Investment	–	–
Provision towards NPA	44,233.45	52,596.10
Provision made towards Income tax	36,350.00	53,560.00
Other Provision and Contingencies (with details)	–	–
Provision for diminution in the fair value of restructured advances	(0.94)	0.64
Provision for Standard Assets	2,180.00	1,353.00

Draw Down from Reserves

Year ended March 31 2017: Nil

Year ended March 31 2016: Nil

XI) Concentration of Deposits, Advances, Exposures and NPAs

a) Concentration of Deposits (for deposit taking NBFCs)

Rs. in Lakhs

	As at March 31 2017	2016
Total Deposits of twenty largest depositors	47,232.85	44,718.44
Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC	10.0%	8.7%

b) Concentration of Advances

Rs. in Lakhs

	As at March 31 2017	2016
Total Advances of twenty largest borrowers	1,22,204.95	80,359.22
Percentage of Advances of twenty largest borrowers to Total Advances of the NBFC	2.9%	2.2%

c) Concentration of Exposures

Rs. in Lakhs

	As at March 31 2017	2016
Total Exposure of twenty largest borrowers/customers	1,22,204.95	80,359.22
Percentage of Exposures of twenty largest borrowers/customers to Total Exposure of the NBFC on borrowers/customers	2.9%	2.2%

d) Concentration of NPAs

Rs. in Lakhs

	As at March 31 2017	2016
Total Exposure of top four NPA accounts	6,122.71	7,411.47

e) Sector-wise NPAs

Sr. No.	Sector	Percentage of NPAs to Total Advances in that sector As at March 31, 2017	Percentage of NPAs to Total Advances in that sector As at March 31, 2016
1	Agriculture & allied activities/Auto	10.4%	9.2%
2	MSME/Corporate borrowers	4.4%	4.2%
3	Unsecured personal loans	17.9%	10.3%
4	Other loans	–	0.7%
5	Services	–	–

f) Movement of NPAs

Rs. in Lakhs

	Particulars		As at/Year ended March 31 2017	2016
(i)	Net NPAs to Net Advances (%)		4.0%	3.5%
(ii)	Movement of NPAs (Gross)			
	(a)	Opening balance	3,22,416.98	2,09,972.20
	(b)	Additions during the year	2,41,101.36	2,13,047.58
	(c)	Reductions during the year	1,45,251.93	1,00,602.80
	(d)	Closing balance	**4,18,266.41**	**3,22,416.98**
(iii)	Movement of Net NPAs			
	(a)	Opening balance	1,23,511.37	81,820.64
	(b)	Additions during the year	1,00,324.29	91,707.63
	(c)	Reductions during the year	63,867.75	50,016.90
	(d)	Closing balance	**1,59,967.91**	**1,23,511.37**
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)			
	(a)	Opening balance	1,49,213.18	96,617.08
	(b)	Provisions made during the year	1,04,248.99	91,439.33
	(c)	Write-off/write-back of excess provisions	60,015.54	38,843.23
	(d)	Closing balance	**1,93,446.63**	**1,49,213.18**

XII) Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)

Rs. in Lakhs

Name of the Joint Venture/Subsidiary	Other Partner in the JV	Country	Total Assets as at March 31, 2017	Total Assets as at March 31, 2016
Mahindra Finance USA, LLC	De Lage Landen Financial Services	USA	2,97,127.58	243,751.58

XIII) Off-Balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

Name of the SPV sponsored	
Domestic	Overseas
NA	NA

XIV) Asset Liability Management Maturity pattern of certain items of Assets and Liabilities

As at March 31, 2017

Rs. in Lakhs

	1 to 30/31 days (one month)	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to one year	Over one year to 3 years	Over 3 to 5 years	Over 5 years	Total
Deposits	17,433.22	17,319.05	21,467.65	68,664.62	90,771.50	1,91,168.19	31,748.25	–	4,38,572.48
Advances	2,99,238.93	1,70,423.06	1,64,879.04	4,03,218.09	6,75,874.67	17,51,899.76	3,92,398.33	1,336.61	38,59,268.49
Reserves and surplus	–	–	–	–	–	–	–	6,36,423.64	6,36,423.64
Investments	27,700.00	–	–	–	22,500.00	4,193.09	21,001.32	1,13,553.99	1,88,948.40
Borrowings	76,935.02	1,90,000.00	63,187.14	3,01,157.14	3,13,383.57	14,12,984.67	2,52,182.45	3,42,514.78	29,52,344.77
Foreign Currency Assets	–	–	–	–	–	–	–	–	–
Foreign Currency liabilities	4,863.75	14,741.65	4,863.75	–	27,629.93	47,460.87	–	–	99,559.95

XV) Disclosure of Complaints

	Customer Complaints	
(a)	No. of complaints pending at the beginning of the year	5
(b)	No. of complaints received during the year	93
(c)	No. of complaints redressed during the year	96
(d)	No. of complaints pending at the end of the year	2

53. Disclosure on restructured standard advances:

During the year ended March 31, 2015, the Company had restructured one of the standard advance accounts resulting in reduction in rate of interest and increase in tenor of the loan. The movement of the same is provided here below

Rs. in Lakhs

	Type of Restructuring		Others				
Sr. No.	Asset Classification		Standard	Substandard	Doubtful	Loss	Total
	Details						
1	Restructured Accounts as on April 1 of the FY (opening figures)	No. of Borrowers	1	–	–	–	1
		Amount Outstanding	446.15	–	–	–	446.15
		Provision thereon #	32.51	–	–	–	32.51
2	Fresh Restructuring during the year	No. of Borrowers					
		Amount Outstanding					
		Provision thereon					
3	Up-gradations to restructured standard category during the FY	No. of Borrowers					
		Amount Outstanding					
		Provision thereon					
4	Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of FY and hence need to be shown as restructured standard advances at the beginning of the next FY	No. of Borrowers					
		Amount Outstanding					
		Provision thereon					
5	Down gradations of restructured accounts during the FY	No. of Borrowers	(1)	–	1	–	1
		Amount Outstanding	(446.15)	–	446.15	–	–
		Provision thereon	(32.51)	–	254.65	–	222.14

Rs. in Lakhs

Sr. No.	Type of Restructuring		Others				
	Asset Classification		**Standard**	**Substandard**	**Doubtful**	**Loss**	**Total**
	Details						
6	Write-offs of restructured accounts during the FY	No. of Borrowers					
		Amount Outstanding					
7	Restructured Accounts as on March 31 of the FY (Closing Figures)	No. of Borrowers	–	–	1	–	1
		Amount Outstanding	–	–	446.15	–	446.15
		Provision thereon #	–	–	254.65	–	254.65

Note: Since the disclosure of restructured advance account pertains to section “Others”, the first two sections, namely, “Under CDR Mechanism” and “Under SME Debt Restructuring Mechanism” as per format prescribed in the guidelines are not included above.

Represents higher provisioning, provision for diminution in fair value and additional provision on downgrade of Rs. 254.65 Lakhs (March 31,2016: Rs. 32.51 Lakhs).

54. Previous year figures have been regrouped/reclassified wherever found necessary.

Signatures to Significant accounting policies and Notes to the financial statements – I and II

For **B. K. Khare & Co.**
Chartered Accountants
FRN: 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

V Ravi
Executive Director &
Chief Financial Officer

Arnavaz Pardiwala
Company Secretary

Dhananjay Mungale Chairman
Ramesh Iyer *Vice-Chairman & Managing Director*
M. G. Bhide *Director*
Piyush Mankad *Director*
C.B. Bhave *Director*
Rama Bijapurkar *Director*
V. S. Parthasarathy *Director*
Dr. Anish Shah *Director*

Place: Mumbai
Date: 25th April, 2017

ANNEXURE A

FORM AOC - I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

PART "A": SUBSIDIARIES

Rs. in Lakhs

1	Sr. No.	1	2	3	4
2	Name of the subsidiary	Mahindra Insurance Brokers Ltd.	Mahindra Rural Housing Finance Ltd.	Mahindra Asset Management Company Pvt. Ltd.	Mahindra Trustee Company Pvt. Ltd.
3	Reporting period for the subsidiary concerned	April 01, 2016 to March 31, 2017	April 01, 2016 to March 31, 2017	April 01, 2016 to March 31, 2017	April 01, 2016 to March 31, 2017
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year	NA	NA	NA	NA
5	Share Capital	257.73	9,513.22	9,100.00	50.00
6	Reserves & Surplus	26,619.60	38,074.99	(2,498.65)	(27.80)
7	Total Assets	29,008.85	4,91,488.65	7,178.40	23.78
8	Total Liabilities	29,008.85	4,91,488.65	7,178.40	23.78
9	Investments	11,940.00	–	6,347.78	17.06
10	Turnover	17,423.47	70,336.89	–	–
11	Profit before taxation	8,172.57	12,690.25	(2,047.36)	(20.35)
12	Provision for taxation	2,867.75	4,389.71	–	–
13	Profit after taxation	5,304.82	8,300.55	(2,047.36)	(20.35)
14	Proposed dividend & tax thereon	542.85	1,717.52	–	–
15	% of shareholding	85.00	87.50	100.00	100.00

For B. K. Khare and Co.
Chartered Accountants
FRN: 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Dhananjay Mungale
Chairman

Ramesh Iyer
Vice-Chairman & Managing Director

M. G. Bhide
Director

Piyush Mankad
Director

C. B. Bhave
Director

Rama Bijapurkar
Director

V. S. Parthasarathy
Director

Dr. Anish Shah
Director

V. Ravi
Executive Director &
Chief Financial Officer

Arnavaz Pardiwala
Company Secretary

Place : Mumbai
Date : April 25, 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/Joint Ventures	**Mahindra Finance USA, LLC**
1. Latest audited Balance Sheet Date	March 31, 2017
2. Shares of Associate/Joint Ventures held by the company on the year end	
Number	6,44,04,801
Amount of Investment in Associates/Joint Venture (Rs. in Lakhs)	18,429.15
Extent of Holding %	49.00
3. Description of how there is significant influence	Power to influence decisions
4. Reason why the associate/joint venture is not consolidated	Not Applicable
5. Networth attributable to Shareholding as per latest audited Balance Sheet (Rs. in Lakhs)	28,057.52
6. Profit/Loss for the year	
i. Considered in Consolidation (Rs. in Lakhs)	2,676.51
ii. Not Considered in Consolidation (Rs. in Lakhs)	2,785.76

For B K Khare and Co.
Chartered Accountants
FRN: 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Dhananjay Mungale
Chairman

Ramesh Iyer
Vice-Chairman & Managing Director

M. G. Bhide
Director

Piyush Mankad
Director

C. B. Bhave
Director

Rama Bijapurkar
Director

V. S. Parthasarathy
Director

Dr. Anish Shah
Director

V. Ravi
Executive Director &
Chief Financial Officer

Arnavaz Pardiwala
Company Secretary

Place : Mumbai
Date : April 25, 2017

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the 30th Annual Report along with the Audited Accounts of your Company for the year ended March 31, 2017.

1. Financial Results

(Amount in Rs. Crores)

Particulars	**For the year ended March 31, 2017**	For the year ended March 31, 2016
Income	**174.23**	149.20
Profit before Interest, Depreciation and Taxation	**84.26**	76.00
Depreciation	**1.90**	1.34
Profit before Taxation	**82.36**	74.66
Provision for Taxation:		
Provision for Current Tax	**29.05**	26.96
Provision for Deferred Tax	**(0.15)**	(0.43)
Provision for Taxation	**28.90**	26.53
Profit after Taxation	**53.46**	48.13
Other Comprehensive Income	**(0.41)**	0.36
Total Comprehensive Income for the period	**53.05**	48.49
Balance of Retained Earnings for prior years	**185.32**	140.71
Amount available for appropriation	**238.37**	189.20
Appropriations:		
Dividend on Equity Shares (paid)	**3.87**	3.22
Tax on Dividend (paid)	**0.78**	0.66
Surplus Retained Earnings carried to Balance Sheet	**233.72**	185.32

2. Dividend

Your Directors recommend a dividend of Rs. 17.50 per Equity Share on 25,77,320 Equity Shares of Rs. 10 each, aggregating to Rs. 4.51 crores (previous year Rs. 3.87 crores). The above dividend, if approved, will be paid to those Members whose names appear in the Register of Members as on the Record Date fixed for this purpose. The dividend including dividend distribution tax, surcharge and education cess will absorb a sum of Rs. 5.43 crores (as against Rs. 4.65 crores on account of dividend of Rs. 15 per Equity Share, paid for the previous year).

3. Reserves

No amount is proposed to be transferred to General Reserve and an amount of Rs. 233.72 crores is proposed to be retained in the statement of Profit and loss.

4. Operations

The year ended March 31, 2017 marked the 13th year of successful insurance broking operations of your Company. In this journey of 13 years, your Company has been able to service over 8 million insurance cases, largely in the rural and semi-urban markets in India. Your Company has been able to reach the benefit of insurance to over 1,50,000 villages across India. Your Company endeavors to further increase insurance penetration in rural India as well as become a significant player in global insurance markets.

During the year under review, your Company serviced approximately 1.6 million insurance cases, with a total of 1,591,796 cases for both Life and Non-Life Retail business. The customized Life insurance cover "Mahindra Loan Suraksha" (MLS) increased from 513,093 lives covered with a Sum Assured of Rs. 14,792.8 crores in the Financial Year 2015-16 to 582,949 lives covered with a Sum Assured of Rs. 18,027.6 crores in the Financial Year 2016-17. This is in spite of the general economic slowdown witnessed during the year having a cascading impact on the auto-manufacturing and auto financing industry. A substantial portion of MLS continues to be covered in the rural markets.

Your Company achieved a growth of 27% in Gross Premium facilitated for the Corporate and Retail business lines, increasing from Rs. 1,238.6 crores in the Financial Year 2015-16 to Rs. 1,567.9 crores in the Financial Year 2016-17. The Total Income increased by 17% from Rs. 149.2 crores in the Financial Year 2015-16 to Rs. 174.2 crores in the Financial Year 2016-17. The Profit before Tax increased by 10% from Rs. 74.7 crores to Rs. 82.4 crores, and the Profit after Tax increased by 9% from Rs. 48.5 crores to Rs. 53.1 crores during the same period. The Networth increased by 28% from Rs. 220.4 crores in the Financial Year 2015-16 to Rs. 268.8 crores in the Financial Year 2016-17.

5. Achievements

Ranked amongst the Top 100 "India's Best Companies to Work For 2016" by Great Place to Work® (GPTW) Institute in collaboration with The Economic Times, with #2 rank in the insurance industry.

6. Share Capital

During the year under review, the Company has neither issued shares with differential voting rights as to dividend, voting or otherwise, nor has issued any sweat equity. The Company has not formulated any Employees Stock Option Scheme during the year under review. There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which, loan was given by the Company.

As on March 31, 2017, none of the Directors of the Company hold instruments convertible into Equity Shares of the Company.

7. Directors

The composition of the Board of Directors of your Company is in conformity with the provisions of the Companies Act, 2013, as amended from time to time. As on March 31, 2017, the Company has seven directors of which one is Managing Director, four are Non-Executive Non-Independent Directors and two are Independent Directors. The Board reviews and approves strategy and oversees the actions and results of the management to ensure that the long term objectives of the enhancing stakeholders' value are met. None of the Board of Directors holds directorships in more than 10 public companies. None of the directors are related to each other. Mr. V. Ravi (DIN: 00307328) retires by rotation at the forthcoming Annual General Meeting and being eligible offer himself for re-appointment. Mr. Nityanath Ghanekar (DIN: 00009725) and Ms. Anjali Raina (DIN: 02327927) were appointed as Independent Directors of the Company for a period of five years with effect from March 30, 2015. These Independent Directors shall hold the office of directorship for a term of five years. None of the Independent Directors are due for reappointment.

8. Key Managerial Personnel

As at the date of this Report, the Key Managerial Personnel of the Company, as envisaged under the provisions of Section 203 of the Companies Act, 2013, are Dr. Jaideep Devare – Managing Director and Ms. Rupa Joshi – Company Secretary.

9. Board Meeting and Annual General Meeting

The Board of Directors met five times in Financial Year 2016-17 viz. April 15, 2016, July 13, 2016, October 13, 2016, January 16, 2017, and March 2, 2017. The maximum interval between any two meetings did not exceed 120 days, as prescribed in the Companies Act, 2013. Necessary quorum was present for all the meetings. The Board of Directors have passed a Circular Resolution on 31st January, 2017.

The names and categories of the Directors of the Company, their attendance at the Board Meetings held during the Financial Year 2016-17 and at the last Annual General Meeting of the Company held on July 13, 2016 are as follows:

Names of Directors	Category	Attendance at the Board Meetings held during the Financial Year 2016-17		Attendance at the Last Annual General Meeting held on July 13, 2016 (Yes/ No/ N.A.)
		Held	Attended	
Mr. Rajeev Dubey (Chairman)	Non-Executive, Non-Independent	5	5	Yes
Mr. Ramesh Iyer	Non-Executive, Non-Independent	5	4	Yes
Mr. Nityanath Ghanekar	Non-Executive, Independent	5	5	Yes
Mr. V. Ravi	Non-Executive, Non-Independent	5	5	Yes
Ms. Anjali Raina	Non-Executive, Independent	5	5	Yes
Mr. Hemant Sikka	Non-Executive, Non-Independent	5	5	Yes
Dr. Jaideep Devare	Non-Independent, Executive	5	5	Yes

10. Meeting of Independent Directors

During the year 2016-17, one meeting of the Independent Directors was held on March 2, 2017. The Independent Directors, inter-alia, reviewed the performance of Non-Independent Directors, Chairman of the Company and the Board as a whole.

11. Committees of the Board

The Company has several committees which are in compliance with the requirements of the relevant provisions of applicable laws and statutes.

The Company has following Committees of the Board:

i) Audit Committee

ii) Nomination and Remuneration Committee

iii) Corporate Social Responsibility Committee

i) Audit Committee

As on March 31, 2017, the Audit Committee comprised of two Independent Directors and one Non-Executive Non-Independent Director. The Committee is comprised of Mr. Nityanath Ghanekar (Chairman) and Ms. Anjali Raina, both Independent Directors and Mr. V. Ravi, Non-Executive Non-Independent Director.

The Committee met five times during the year on April 15, 2016, July 13, 2016, October 13, 2016, January 16, 2017 and March 2, 2017.

The attendance of the members of the Audit Committee at its meetings held during the Financial Year 2016-17 is given below:

Names of Members	Category	Attendance at the Meetings during the Financial Year 2016-17	
		Held	Attended
Mr. Nityanath Ghanekar	Non-Executive, Independent	5	5
Ms. Anjali Raina	Non-Executive, Independent	5	5
Mr. V. Ravi	Non-Executive, Non-Independent	5	5

The Board has accepted all the recommendations made by the Audit Committee during the year. The Managing Director, Chief Internal Auditor of Mahindra & Mahindra Limited and Statutory Auditors are regularly invited to attend the Audit Committee Meetings. The Company Secretary is the Secretary to the Committee.

Mr. Nityanath Ghanekar, Chairman of the Audit Committee, was present at the 29th Annual General Meeting of the Company held on July 13, 2016.

ii) Nomination and Remuneration Committee

As on March 31, 2017, the Nomination and Remuneration Committee comprised of two Independent Directors and two Non-Executive Non-Independent Directors.

The Committee comprises of Mr. Nityanath Ghanekar and Ms. Anjali Raina, Independent Directors and Mr. Rajeev Dubey and Mr. Ramesh Iyer, Non-Executive and Non-Independent Directors of the Company.

The Committee met three times during the year on April 15, 2016, July 13, 2016 and March 2, 2017.

The Nomination and Remuneration Committee inter alia recommends the appointment and removal of directors and carries out evaluation of performance of every director in accordance with the framework adopted by the Board. The Committee is also empowered to look into the entire gamut of remuneration package for the working Director(s) and revise their remuneration subject to limits approved by the shareholders.

The attendance of the Members of Nomination and Remuneration Committee at its meetings held during the Financial Year 2016-17 is given below:

Names of Members	Category	Attendance at the Meetings held during the Financial Year 2016-17	
		Held	Attended
Mr. Rajeev Dubey	Non-Executive, Non-Independent	3	3
Mr. Nityanath Ghanekar	Non-Executive, Independent	3	3
Mr. Ramesh Iyer	Non-Executive, Non-Independent	3	3
Ms. Anjali Raina	Non-Executive, Independent	3	3

iii) Corporate Social Responsibility Committee

As on March 31, 2017, the Corporate Social Responsibility Committee comprised of one Independent Director and four Non-Executive Non-Independent Directors. The Corporate Social Responsibility Committee is comprised of Mr. Rajeev Dubey, Mr. Ramesh Iyer, Mr. V. Ravi, Ms. Anjali Raina and Dr. Jaideep Devare.

The Committee met thrice during the year on April 15, 2016, July 13, 2016 and January 16, 2017.

The details of the meetings attended by the Committee Members are as follows:

Names of Members	Category	Attendance at the Meetings held during the Financial Year 2016-17	
		Held	Attended
Mr. Rajeev Dubey	Non-Executive, Non-Independent	3	3
Mr. Ramesh Iyer	Non-Executive, Non-Independent	3	2
Ms. Anjali Raina	Non-Executive, Independent	3	3
Mr. V. Ravi	Non-Executive, Non-Independent	3	3
Dr. Jaideep Devare	Non-Independent, Executive	3	3

Your Company is in compliance with the statutory requirements in this regard. The Annual Report on the CSR activities undertaken by your Company in the Financial Year 2016-17 is appended as Annexure I to this Report.

12. Performance Evaluation of the Board

The Companies Act, 2013 states that a formal annual evaluation needs to be made by the Board of its own performance and that of its committees and individual directors. Further, Schedule IV of the Companies Act, 2013, states that the performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

Well-defined and structured questionnaires are used in the evaluation process. These questionnaires were prepared after taking into consideration inputs received from the Directors and cover various aspects of the board's functioning such as adequacy of the composition of the board and its committees, board culture, areas of responsibility, execution and performance of specific duties, obligations, governance and compliance perspective, etc.

The evaluation process involves self-evaluation by each of the Board Members and subsequent assessment by the Nomination and Remuneration Committee and the Board of Directors based on the inputs received from all the Directors through the questionnaires.

In a separate meeting on independent directors, performance of non-independent directors, performance of board as a whole and performance of the chairman was evaluated, taking into account views of executive directors and non-executive directors. The same was also discussed in the board meeting, at which the performance of the board, its committees and individual directors was also discussed. Performance evaluation of independent directors was done by the entire board excluding the independent directors being evaluated.

In general, the Directors have expressed their satisfaction with the evaluation process.

13. Declaration by Independent Directors

The Company has received declarations from each Independent Director of the Company under section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013.

14. Directors' Responsibility Statement

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013, the Board of Directors confirm that:

i. In the preparation of the annual accounts for Financial Year ended March 31, 2017, the applicable accounting standards have been followed and there are no material departures in adoption of these standards;

ii. They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at March 31, 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 this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. They have prepared the annual accounts for Financial Year ended March 31, 2017 on a 'going concern' basis;

v. They devised proper systems to ensure compliance with provisions of all applicable laws and that such systems were adequate and operating effectively.

15. Company's policy on remuneration of Directors, Key Managerial Personnel and employees

The Company has adopted the following policies as required under sub-section (3) of section 178 of the Companies Act, 2013:

(i) 'Policy on Remuneration of Directors' and

(ii) 'Remuneration Policy for Key Managerial Personnel (KMPs) and Employees'.

which includes the criteria for determining qualifications, positive attributes and independence of a director.

The Nomination and Remuneration Committee while recommending the appointment of Directors considers desirable qualifications which may amongst other things include professional qualifications, skills, professional experience, background and knowledge apart from the criteria of independence as prescribed under the Companies Act, 2013. The Policy on Remuneration of Directors and Remuneration Policy for KMPs and Employees of the Company is appended as Annexure III to this Report in accordance with the provisions of sub-section (4) of section 178 of the Act. There has been no change in the policy since the last fiscal year. The remuneration paid to the directors is as per the terms laid out in the Remuneration Policy of the Company.

16. Codes of Conduct for Corporate Governance

The Board of Directors of the Company had adopted separate Codes of Conduct for Corporate Governance ("the Codes") for its Directors and Senior Management and Employees. These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos. The Company has for the year under review, received declarations under the Codes from the Board Members, the Senior Management and Employees of the Company affirming compliance with the respective Codes.

The Company has adopted a Code of Conduct for its Independent Directors as laid down in the Companies Act, 2013. This code is available on the Company's website.

17. Corporate Social Responsibility

Through its various Corporate Social Responsibility ("CSR") initiatives, the Mahindra Group is enabling entire communities to 'RISE'. With a vision of transforming the lives of youth from socially weaker and economically disadvantaged sections of society, the Mahindra Group is committed to 'building possibilities' to enable them to 'RISE' above their limiting circumstances by innovatively supporting them through programs in the domains of education, health and environment.

The Company has duly constituted a CSR Committee in accordance with Section 135 of the companies Act, 2013 to assist the Board and the Company in fulfilling the corporate social responsibility objectives of the Company. The CSR Committee presently comprises of Mr. Rajeev Dubey (Chairman), Mr. Ramesh Iyer, Ms. Anjali Raina, Mr. V. Ravi and Dr. Jaideep Devare.

During the year under review, your Company contributed Rs. 136.75 lakhs towards Corporate Social Responsibility to various institutions for charitable purposes. Your Company is in compliance with the Statutory Provisions in this regard.

The CSR Policy of the Company is hosted on the Company's website https://www.mahindrainsurance.com/Social-Responsibility.aspx and a brief outline of the CSR Policy and the CSR initiatives undertaken by the Company during the year as per annexure prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014 have been appended as Annexure I to this Report.

18. Extract of Annual Return

Pursuant to sub-section 3(a) of Section 134 and sub-section (3) of Section 92 of the Companies Act, 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as at March 31, 2017 forms part of this Report and is appended as **Annexure II**.

19. Public Deposits

The Company has not accepted any deposits from the public or its employees during the year under review. No amount on account of principal or interest on deposits from public was outstanding as on the date of balance sheet.

20. Particulars of loans, guarantees or investments

The Company has advanced loans and advances in the nature of loans under Section 186 of the Companies Act, 2013, the details of which are mentioned in the notes to the financial statements and forms part of this Report.

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

21. Particulars of contracts or arrangements with related parties

All contracts/arrangements/transactions entered into by the Company during the Financial Year with related parties were in the ordinary course of business and on an arm's length basis. None of the Non-Executive Directors has any pecuniary relationships or transactions vis-à-vis the Company.

The particulars of material related party transactions refereed to under section 188(1) of the Companies Act, 2013 are given in the prescribed form AOC -2 as Annexure V and the same forms part of this report.

22. Material Changes and Commitments affecting the Financial Position of the Company

There have been no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the Report.

23. Change in the nature of business

There was no change in nature of business carried on by the Company during the year under review.

24. Risk Management

The Company has a well-defined risk management framework in place. Your Company has established procedures to periodically review risk assessment and steps taken by it to mitigate these risks. The key business risks identified by the Company and its mitigation plans are as under:

i) Competitive Risks

Overall slowdown in economic activity could have an adverse effect on the financial condition and operational results of the Company.

As the overall levels of economic activity increase, the demand for insurance generally rises, and vice-versa. This impacts both, the brokerage as well as fees, generated by the business. Softening of the insurance market i.e. downward trends in the year-over-year insurance premium charged by insurers to offer protection against the same risk, could adversely affect the business as a large portion of the earnings are brokerage which is determined as a percentage of premium charged to the customers.

Significant competitive pressures in each of the business lines

The Company competes with a large number of insurance companies and other insurance intermediaries. Some of the competitors may have or may develop a lower cost structure, adopt or provide services that gain greater market acceptance.

Large and well-established competitors may be able to respond to the need for technological changes and innovate faster, or price their services more aggressively. They may also compete hard for skilled professionals, finance acquisitions, fund internal growth and compete for customers. To respond to increased competition, we may have to lower the pricing of the services.

ii) Legal and Regulatory Risks

The Company is subject to professional indemnity claims made against it, as well as other legal proceedings, some of which, if determined against the Company, could have a material adverse effect on the financial condition or results of operations of a particular business line or the Company as a whole.

The Company traditionally has procured, and intends to continue to procure, insurance to cover professional indemnity claims and other insurance to provide protection against certain claims or losses that arise in such matters.

The business is subject to extensive regulation, which could reduce profitability, limit growth, or increase competition

The business is subject to extensive legal and regulatory oversight, including the IRDA (Insurance Brokers) Regulations, 2013 and the rules and regulations promulgated by the Insurance Regulatory and Development Authority of India (IRDAI) and a variety of other laws, rules and regulations. This legal and regulatory oversight could reduce profitability or limit growth by limiting or restricting the products or services the Company sells, by increasing the costs of legal and regulatory compliance, limiting the distribution methods by which it sells products and services, or capping the brokerage it can charge for the services, limiting the amount and form of compensation it can accept from the customers, insurers and third parties, or by subjecting the business to the possibility of legal and regulatory actions or proceedings.

Though the Company employees and authorized representatives exercise due care so not to violate these laws and regulations, there can be no assurances as regards the same.

iii) Operational and Commercial Risks

The Company's success depends on its ability to retain and attract experienced and qualified personnel, including the senior management and operating team and other professional personnel.

The business depends, to a large extent, upon the members of the senior management team and senior operating team, who possess extensive knowledge and a deep understanding of the business and strategy. The unexpected loss of services of any of the senior executives could have a disruptive effect, thereby impacting ability to manage the business effectively till such time as an able replacement is in place. The Company is constantly working to retain and attract these professionals through various people development initiatives.

Business performance and growth plans could be affected if the Company is not able to effectively apply technology in driving value for its customers through technology-based solutions or gain internal efficiencies through the effective application of technology and related tools. Conversely, investments in innovative technology-based solutions may fail to yield sufficient return to cover their investments.

The Company's success depends, in part, on its ability to apply and implement technology-based solutions that anticipate and keep pace with rapid and continuing changes in customer preferences. Response to these preferences needs to be timely and cost-effective. This also entails the business to incur considerable investment. In order to acquire and retain customers, the Company continuously strives to offer newer and cost-effective technologies to its customers, ahead of its competitors.

Other factors, outside of the Company's control.

The Company has no control over premium rates. The brokerage rates, too, are capped by the current regulations.

In addition to movements in premium rates, the ability to generate premium-based brokerage revenue may be challenged by:

- the level of compensation, as a percentage of premium, that insurers are willing to compensate brokers for placement activity, which in any case, is capped by the current regulations;
- competition from insurers seeking to sell their products directly to consumers without the involvement of an insurance broker;
- increasing willingness on the part of customers to "self-insure", which would increase competition and put pressure on pricing;
- fluctuation in the need for insurance as the economic downturn continues, as customers prioritize their need and willingness to procure insurance accordingly.

25. Auditors

The Board of Directors at its meeting held on April 14, 2014 had appointed M/s. B. K. Khare and Co., as the Statutory Auditors of the Company for a period of 5 years from the conclusion of the Annual General Meeting (AGM) held on July 14, 2014 till the conclusion of the thirty-second AGM of the Company to be held in the year 2019, subject to the ratification of their appointment by shareholders at every Annual General Meeting.

As required under the provisions of Sections 139(1) read with 141 of the Companies Act, 2013, the Company has obtained a written certificate from M/s. B. K. Khare & Co., Chartered Accountants, to the effect that their ratification of appointment, if made, would be in conformity with the criteria specified in the said sections.

Pursuant to the recommendation received from the Audit Committee, the Board has proposed the ratification of the appointment of M/s. B. K. Khare & Co., as Statutory Auditors of the Company, to the Shareholders at the forthcoming Annual General Meeting for a period of one year.

26. Accounting Standards followed by the Company

The financial statements have been prepared in accordance with Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

The Company's financial statements for and up to the year ended March 31, 2016 were prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) and were in compliance with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Act.

These are the Company's first financial statements prepared in accordance with Indian Accounting Standards (IndAS). The Company has applied IndAS 101, First-time Adoption of Indian Accounting Standards. 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 29 to the financial statements.

27. Comments on Auditors' Report

There are no qualifications, reservations or adverse remarks or disclaimers made by M/s B. K. Khare & Co., Statutory Auditors, in their report. The Auditors' Report is enclosed with the financial statements in this Annual Report.

28. Human Resources

Your Company took a number of initiatives to strengthen human resources during the year.

In pursuance of your Company's commitment to develop and retain the best available talent, your Company has been sponsoring the employees for training programmes organized by reputed faculties and professional institutions for building capabilities thereby upgrading the skill, knowledge and expertise of the employees in different operational areas.

Your Company continues to focus on building leadership capability and recognizing the team managers who provide a rewarding work environment for their teams.

Your organization also understands its responsibility towards society at large and therefore engages its employees in volunteering and implementing various social initiatives.

Your company is the world's first company in the Insurance Sector to achieve People-CMM Level 3 certification by CMMI® Institute, USA. The organization's focus on best practices has been driven by the desire and commitment to deliver a best-in-class service experience to your Company's valued customers. Your company has endeavored to develop people capabilities to match and exceed customer expectations since the customers associated with your Company deserve the best.

Your Company strongly believes in maintaining the dignity of all employees. Discrimination and harassment of any type are strictly prohibited. Your Company has taken the necessary steps to abide by all statutory compliances and enhance awareness w.r.t. provisions of the Sexual Harrassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("the Act") and the Rules framed thereunder. During the year under review, there were no cases filed pursuant to the Act and Rules framed thereunder.

29. Subsidiaries

The Company does not have any subsidiary as at March 31, 2017 or during the Financial Year ended on that date.

30. Particulars regarding conservation of energy, technology absorption, and foreign exchange earnings and outgo

The particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 is given in **Annexure IV**.

31. Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future

There are no significant and material orders passed by the Regulators or Courts or Tribunal which would impact the going concern status of the Company and its future operations.

32. Details in respect of adequacy of internal financial controls with reference to the Financial Statements

Your Company has in place adequate system of internal financial controls with reference to financial statements, commensurate with the size, scale and complexity of its operations. These systems provide a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes, safeguarding of assets of the Company and ensuring compliance with corporate policies.

Assessment of the internal financial controls environment of the Company was undertaken during the year which covered verification of entity level controls, process level controls and IT controls, identification, assessment and definition of key business processes and analysis of risk control matrices, etc. Reasonable Financial Controls are operative for all the business activities of the Company and no material weakness in the design or operation of any control was observed.

33. Reporting of Frauds

There are no frauds on or by the Company which were required to be reported by the Statutory Auditors of the Company to the Central Government.

34. Acknowledgements

Your Directors take this opportunity to express their deep sense of gratitude to the Insurance Regulatory and Development Authority of India (IRDAI) for their continuous support and guidance rendered to the Company. Your Directors would also like to thank Company's employees, customers, vendors and investors for their continuous support. Your Directors truly appreciate and value the contributions made by each and every member of the Company.

For and on behalf of the Board

Rajeev Dubey
Chairman

Mumbai, April 17, 2017

Registered Office:
Mahindra Towers,
P. K. Kurne Chowk, Worli,
Mumbai - 400018
CIN: U65990MH1987PLC042609
Tel: +91 22 66423800
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E-mail: insurance.care@mahindra.com
Website: www.mahindrainsurance.com

ANNEXURE I TO THE DIRECTORS' REPORT

Annual Report on Corporate Social Responsibility Activities as prescribed under section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014

	Annual CSR Report
1)	**Brief outline of the Company's CSR policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs**
	The objective of Company's CSR policy is to continuously and consistently generate goodwill in communities where the Company operates or is likely to operate, initiate projects that benefit communities and encourage an increased commitment from employees towards CSR activities and volunteering. The Corporate Social Responsibility Committee ('CSR Committee') is responsible to formulate and recommend to the Board the CSR Policy indicating the activities falling within the purview of Schedule VII to the Companies Act, 2013, to be undertaken by the Company, to recommend the amount to be spent on CSR activities presented by the CSR Council ('CSR Council') and to monitor the CSR Policy periodically. The CSR Council will be supported by the CSR Secretariat at Head Office, for implementation of the approved projects. For achieving the CSR objectives through implementation of meaningful and sustainable CSR Projects, the CSR Committee will allocate for its Annual CSR Budget, 2% of the average profits of the Company made during the three immediately preceding financial years, calculated in accordance with the relevant Sections of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014. The Company has identified following CSR Thrust areas for undertaking CSR projects or programs or activities in India. The actual distribution of the expenditure among these thrust areas will depend upon the local needs as may be determined by the need identification studies or discussions with local government/ Grampanchayat/ NGOs. The Company shall give preference to the local area and areas around which the Company operates. Thrust areas: **a) Education** Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects. **b) Health** Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation and making available safe drinking water. **c) Environment** Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water. **d) Others** Any other activities within the purview of schedule VII of the Act that the CSR Committee of the Company may define from time to time.
	CSR activities of the Company are carried through: • K C Mahindra Education Trust • Collaboration with other Companies undertaking projects/programs in CSR activities. • Contribution/donation made to such other Organizations/Institutions as may be permitted under the applicable laws from time-to-time. • Directly by the Company for fulfilling its responsibilities towards various stakeholders. The Company has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013 and the same is placed on the Company's website and the web link for the same is https://www.mahindrainsurance.com/Social-Responsibility.aspx

2)	Composition of the CSR Committee	1. Mr. Rajeev Dubey (Chairman) 2. Mr. Ramesh Iyer (Non-Executive & Non-Independent Director) 3. Mr. V. Ravi (Non-Executive & Non-Independent Director) 4. Ms. Anjali Raina (Independent Director) 5. Dr. Jaideep Devare (Managing Director)
3)	Average Net Profit of the Company for last 3 financial years	Rs. 6,808.23 lakhs
4)	Prescribed CSR expenditure (2% of this amount as in item 3 above)	Rs. 136.16 lakhs
5)	Details of CSR spent for the Financial Year: 2016-17 a) total amount spent for the financial year b) Amount unspent, if any; c) Manner in which the amount spent during the Financial Year is detailed below	 Rs. 136.75 lakhs Nil The details in which the amount is spent is given in Schedule A below
6)	In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report	N.A.
7)	The CSR Committee of the Company confirms that the implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and Policy of the Company.	

SCHEDULE A TO ANNEXURE I – CSR ACTIVITIES AT MAHINDRA INSURANCE BROKERS LIMITED

(Rs. in Lakhs)

Sr. No.	CSR Project or activity Identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs were undertaken	Amount outlay (budget) project/ program wise	Amount spent on the project/programs Sub-heads: 1) Direct expenditure on projects or programs 2) Overheads	Cumulative expenditure up to March 31, 2017	Amount spent direct or through implementing agency
1.	Education and Employment enhancing vocational skills	Education	Maharashtra	71.09	71.09	71.09	K C Mahindra Education Trust (Nanhi Kali)
2.	Medical Expenses of Cancer affected child	Health	Maharashtra	1.50	1.50	1.50	Social Activities Integration
3.	Sponsorship of Samaj Shakti Award	Education	Maharashtra	1.00	1.00	1.00	Shree Hariharaputra Bhajan Samaj
4.	Medical Expenses Heart Surgery of child	Health	Maharashtra	2.00	2.00	2.00	Wockhardt Foundation
5.	Donation of Notebook	Education	Maharashtra	0.43	0.43	0.43	Seva Sahayog Foundation
6.	Driver training to women	Gender Equality	Rajasthan	20.00	20.00	20.00	Azad Foundation
7.	Improving preventive and curative health facilities through donating equipment	Health	Uttar Pradesh / Rajasthan/Karnataka/ Madhya Pradesh/West Bengal	25.12	25.12	25.12	Family Planning Association Of India
8.	Financial literacy to resource poor women	Gender Equality	Maharashtra/ Karnataka	7.54	7.54	7.54	Mann Deshi Foundation
9.	Setting up of Partition Museum	Culture	Punjab	1.00	1.00	1.00	The Team Work Fine Arts Society
10.	Support for the residential school for disabled (mental/ physical) children	Education	Karnataka	1.50	1.50	1.50	Manasa Jyothi Trust
11.	Construction of school building & classrooms in Village Godas , Bhilwara District ,Rajasthan	Education	Rajasthan	1.37	1.37	1.37	Round Table India
12.	Education, Medical and Establishment support for Residential facilities for care of orphan/destitute children up to 6 years.	Education	Maharashtra	1.84	1.84	1.84	Bharatiya Samaj Seva Kendra
13.	Providing lifelong care, Vocational training, Treatment, Recreation & Rehabilitation	Education	Maharashtra	2.16	2.16	2.16	Adhar
14.	Medical Expenses of Heart Surgery	Health	Maharashtra	0.20	0.20	0.20	Care Child And Old Age Foundation
			Total	**136.75**	**136.75**	**136.75**	

For Mahindra Insurance Brokers Limited

For and on behalf of the CSR Committee of Mahindra Insurance Brokers Limited

Dr. Jaideep Devare
Managing Director

Rajeev Dubey
Chairman – CSR Committee of Mahindra Insurance Brokers Limited

Mumbai, April 17, 2017

ANNEXURE II 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:

i.	**CIN**		U65990MH1987PLC042609
ii.	**Registration Date**		18/02/1987
iii.	**Name of the Company**		Mahindra Insurance Brokers Limited
iv.	**Category/Sub-Category of the Company**		Public Limited Company by Shares
v.	**Address of the Registered office and contact details**		Mahindra Towers, 4th Floor, P. K. Kurne Chowk, Worli, Mumbai - 400 018. Tel: +91 22 66423800; Fax: +91 22 24915894; E-mail: insurance.care@mahindra.com Website: **www.mahindrainsurance.com**
vi.	**Whether listed company Yes/No**		No
vii.	**Name, Address and Contact details of Registrar and Transfer Agent, if any**		–

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products/services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Insurance Broking	**67200**	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares Held	Applicable Section
1.	Mahindra & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai – 400 001.	L65990MH1945PLC004558	Ultimate Holding Company	85.00%*	Section 2(46)
2.	Mahindra & Mahindra Financial Services Limited Mahindra Towers, P K Kurne Chowk, Worli, Mumbai – 400 018.	L65921MH1991PLC059642	Holding Company	85.00%	Section 2(46)

* There is no direct shareholding in the Company by Mahindra & Mahindra Limited, the Ultimate Holding Company. Shares are held through Mahindra & Mahindra Financial Services Limited, subsidiary of Mahindra & Mahindra Limited.

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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corporate	21,90,692	30	21,90,722	85.00	21,90,692	30	21,90,722	85.00	–
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A)(1):-	**21,90,692**	**30**	**21,90,722**	**85.00**	**21,90,692**	**30**	**21,90,722**	**85.00**	–
(2) Foreign									
a) NRIs–Individuals	–	–	–	–	–	–	–	–	–
b) Other–Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corporate	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A)(2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**21,90,692**	**30**	**21,90,722**	**85.00**	**21,90,692**	**30**	**21,90,722**	**85.00**	–
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)	3,86,598	–	3,86,598	15.00	3,86,598	–	3,86,598	15.00	–
Sub-total (B)(1):-	**3,86,598**	–	**3,86,598**	**15.00**	**3,86,598**	–	**3,86,598**	**15.00**	–
2. Non-Institutions	–	–	–	–	–	–	–	–	–
a) Bodies Corporate	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual Shareholders Holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual Shareholders Holding nominal share capital in excess of Rs. 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B) = (B)(1)+(B)(2)	**3,86,598**	–	**3,86,598**	**15.00**	**3,86,598**	–	**3,86,598**	**15.00**	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**25,77,290**	**30**	**25,77,320**	**100.00**	**25,77,290**	**30**	**25,77,320**	**100.00**	–

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the Year			% change In shareholding during the year
		No. of shares	% of total shares of the Company	%of shares pledged / encumbered to total shares	No. of shares	% of total shares of the Company	%of shares pledged / encumbered to total shares	
1.	Mahindra & Mahindra Financial Services Limited	21,90,692	85.00	Nil	21,90,692	85.00	Nil	–
2.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Ramesh Iyer	5	–	Nil	5	–	Nil	–
3.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Rajeev Dubey	5	–	Nil	5	–	Nil	–
4.	Mahindra & Mahindra Financial Services Limited Jointly with Dr. Jaideep Devare	5	–	Nil	5	–	Nil	–
5.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. S. Durgashankar	5	–	Nil	5	–	Nil	–
6.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Venkatraman Ravi	5	–	Nil	5	–	Nil	–
7.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Rajesh Vasudevan	5	–	Nil	5	–	Nil	–
	Total	**21,90,722**	**85.00**	**NIL**	**21,90,722**	**85.00**	**NIL**	–

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

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Mahindra & Mahindra Financial Services Limited along with joint holders				
	At the beginning of the year (As at April 1, 2016)	21,90,722	85.00	21,90,722	85.00
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (eg. allotment/ transfer/bonus/ sweat equity etc.)	No change			
	At the end of the year (As at March 31, 2017)	21,90,722	85.00	21,90,722	85.00

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

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	Inclusion Resources Private Limited				
	At the beginning of the year (As at April 1, 2016)	3,86,598	15.00	3,86,598	15.00
	Date wise increase/decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc.)	No change			
	At the end of the year (As at March 31, 2017)	3,86,598	15.00	3,86,598	15.00

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For each of the directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Mr. Ramesh Iyer (jointly with Mahindra & Mahindra Financial Services Limited)				
	At the beginning of the year (As at April 1, 2016)	5	–	5	–
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc.)	No change			
	At the end of the year (As at March 31, 2017)	5	–	5	–
2.	Mr. V. Ravi(jointly with Mahindra & Mahindra Financial Services Limited)				
	At the beginning of the year (As at April 1, 2016)	5	–	5	–
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc.)	No change			
	At the end of the year (As at March 31, 2017)	5	–	5	–
3.	Mr. Rajeev Dubey				
	At the beginning of the year (As at April 1, 2016)	5	–	5	–
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/ sweat equity etc.)	No change			
	At the end of the year (As at March 31, 2017)	5	–	5	–
4.	Dr. Jaideep Devare				
	At the beginning of the year (As at April 1, 2016)	5	–	5	–
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/ sweat equity etc.)	No change			
	At the end of the year (As at March 31, 2017)	5	–	5	–
5.	Mr. Hemant Sikka				
	At the beginning of the year (As at April 1, 2016)	Nil	–	Nil	–
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/ sweat equity etc.)	No change			
	At the end of the year (As at March 31, 2017)	Nil	–	Nil	–
6.	Mr. Nityanath Ghanekar				
	At the beginning of the year (As at April 1, 2016)	Nil	–	Nil	–
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/ sweat equity etc.)	No change			
	At the end of the year (As at March 31, 2017)	Nil	–	Nil	–
7.	Ms. Anjali Raina				
	At the beginning of the year (As at April 1, 2016)	Nil	–	Nil	–
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/ sweat equity etc.)	No change			
	At the end of the year (As at March 31, 2017)	Nil	–	Nil	–
8.	Ms. Rupa Joshi -Company Secretary				
	At the beginning of the year (As at April 1, 2016)	Nil	–	Nil	–
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/ sweat equity etc.)	No change			
	At the end of the year (As at March 31, 2017)	Nil	–	Nil	–

V. INDEBTEDNESS

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

(Rs. In Lakhs)

	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: (Rs. In Lakhs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Managing Director Dr Jaideep Devare	Whole time Director	Manager	
1.	Gross salary			–	
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961	111.22	–	–	111.22
	b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961@	30.75	–	–	30.75
	c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	NA	–	–	NA
2.	Stock Option	NA	–	–	NA
3.	Sweat Equity	NA	–	–	NA
4.	Commission – as % of profit – others	NA	–	–	NA
5.	Others	NA	–	–	NA
	Total (A)	**141.97**	–	–	**141.97**
	Ceiling as per the Act				5% of the Net Profits equivalent to Rs. 410.61 lakhs with respect to the ceiling for the Company applicable for the Financial Year covered by this Report.

@ Includes Perquisite Value of Stock Options of Mahindra & Mahindra Financial Services Limited for 8,336 Equity Shares of Rs. 2 each exercised during the Financial Year 2016-17.

B. Remuneration to other directors: (Rs. In Lakhs)

Particulars of Remuneration			Total Amount
1. Independent Directors	Mr. Nityanath Ghanekar	Ms. Anjali Raina	
• Fee for attending board/committee meetings	3.10	3.70	6.80
• Commission	5.00	5.00	10.00
• Others	–	–	–
Total (1)	**8.10**	**8.70**	**16.80**
2. Other Non-Executive Directors			
• Fee for attending board/committee meetings	–	–	–
• Commission	–	–	–
• Others	–	–	–
Total (2)	–	–	–
Total (B)=(1+2)	**8.10**	**8.70**	**16.80**
Total Managerial Remuneration	**8.10**	**8.70**	**16.80**
Overall Ceiling as per the Act	1% of the Net profits equivalent to Rs. 82.12 Lakhs with respect to the ceiling for the Company applicable for the Financial Year covered by this Report.		

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD: (Rs. In Lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary@ (Ms. Rupa Joshi)	CFO	Total
1.	Gross salary	–	3.52	–	3.52
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961	–	–	–	–
	b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	–	–	–	–
	c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission	–	–	–	–
	- as % of profit	–	–	–	–
	- others	–	–	–	–
5.	Others	–	–	–	–
	Total	–	**3.52**	–	**3.52**

@ Secretarial function covered under cost sharing arrangement.

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					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment			None		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

For and on behalf of the Board

Rajeev Dubey
Chairman

Mumbai, April 17, 2017

ANNEXURE III-A TO THE DIRECTORS' REPORT

POLICY ON REMUNERATION OF DIRECTORS

Prelude

Mahindra Insurance Brokers Limited ("Company") is a composite insurance broking company registered with the Insurance Regulatory and Development Authority of India ('IRDAI'), and is engaged in providing direct insurance broking for Corporate and Retail customers and offers a range of products for the Non-Life and Life segments. The company is also engaged in the business of reinsurance broking wherein it caters to insurance requirements of insurance companies.

This Policy shall be effective from the Financial Year 2014 - 15.

Intent of the Policy

The intent of the Remuneration Policy of Directors of the Company is to focus on enhancing the value and to attract and retain quality individuals with requisite knowledge and excellence as Executive and Non-Executive Directors for achieving objectives of the Company and to place the Company in a leading position.

The Nomination and Remuneration Committee (NRC) of the Board shall, while formulating the policy ensure that —

a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully;

b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

c) remuneration to Directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

While deciding the policy on remuneration of Directors the Committee may consider amongst other things, the duties and responsibilities cast by the Companies Act, 2013, various Codes of Conduct, Articles of Association, restrictions on the remuneration to Directors as also the remuneration drawn by Directors of other companies in the industry, the valuable contributions and inputs from Directors based on their knowledge, experience and expertise in shaping the destiny of the Company etc. The Policy is guided by a reward framework and set of principles and objectives as more fully and particularly envisaged under Section 178 of the Companies Act, 2013 and principles pertaining to qualifications, positive attributes, integrity and independence of Directors, etc.

Directors

The Managing Director is an executive of the Company and draws remuneration from the Company. The Non-Executive Chairman and Independent Directors may receive sitting fees for attending the meeting of the Board and the Committees thereof, if fixed by the Board of Directors from time to time subject to statutory provisions. The Non-Executive Chairman and Independent Directors would be entitled to the remuneration under the Companies Act, 2013. A Non-Executive Chairman and Non-Executive Non-Independent Directors who receive remuneration from the holding company or a Group Company will not be paid any sitting fees or any remuneration. In addition to the above, the Directors are entitled for reimbursement of expenses incurred in discharge of their duties. Payment of Remuneration to Nominee Directors shall be governed by the agreement with the Financial Institution/Bank appointing the Nominee Director and by the Articles of Association of the Company.

The Managing Director and other eligible Director(s) as per extant statutory provisions may be granted Employees Stock Options, Stock Appreciation Rights or any other Share based Employee benefits pursuant to any scheme that may be approved by the Board of Directors and shareholders of the Company subject to such other approvals as may be required.

Non-Executive Directors may be paid remuneration either by way of monthly payment or at a specified percentage of net profits of the Company or partly by one way and partly by another, subject to the provisions of Companies Act, 2013.

The NRC while determining the remuneration shall ensure that the level and composition of remuneration to be reasonable and sufficient to attract, retain and motivate the person to ensure the quality required to run the Company successfully. While considering the remuneration, the NRC shall also ensure a balance between fixed and performance-linked variable pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

The NRC shall consider that a successful Remuneration Policy must ensure that some part of the remuneration is linked to the achievement of corporate performance targets.

Managing Director/Executive Directors

The term of office and remuneration of Managing Director/ Executive Directors are subject to the approval of the Board of Directors, Shareholders, Central Government and other Statutory Authorities as may be required and the limits laid down under the Companies Act, 2013 from time to time.

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay, subject to the requisite approvals, remuneration to its Managing Director/Executive Directors in accordance with the provisions of Schedule V of the Companies Act, 2013.

If any Managing Director/Executive Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

Remuneration of the Managing Director/Executive Directors reflects the overall remuneration philosophy and guiding principle of the Company. While considering the appointment and remuneration of Managing Director/Executive Directors, the NRC shall consider the industry benchmarks, merit and seniority of the person and shall ensure that the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterpart(s) in other companies.

Remuneration for Managing Director/Executive Director is designed subject to the limits laid down under the Companies Act, 2013 to remunerate them fairly and responsibly. The remuneration to the Managing Director/Executive Director comprises of salary, perquisites and performance based incentive apart from retirement benefits like Provident Fund, Superannuation, Gratuity, Leave Encashment, etc., as per Rules of the Company. Salary is paid within the range approved by the Shareholders. Increments are effective annually, as recommended/approved by the NRC/ Board. In terms of the shareholders' approval, the Commission may be paid to Managing Director in any Financial Year at a rate not exceeding 1/4% (one fourth percent) per annum of the profits of the Company computed in accordance with the applicable provisions of the Companies Act, 2013 as may be recommended by NRC and approved by the Board.

The total remuneration will have a flexible component with a bouquet of allowances to enable the Managing Director/Executive Director to choose the allowances as well as the quantum based on laid down limits as per Company policy. The flexible component can be varied only once annually.

The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRA). Both the BSC and KRAs are evaluated at the end of the fiscal to arrive at the BSC rating of the business and performance rating of the individual.

Remuneration also aims to motivate the Personnel to deliver Company's key business strategies, create a strong performance-oriented environment and reward achievement of meaningful targets over the short and long-term.

The Managing Director/Executive Directors are entitled to customary non-monetary benefits such as company cars, health care benefits, leave travel, communication facilities, etc., as per policies of the Company. The Managing Director and Executive Directors are entitled to grant of Stock Options as per the approved Stock Options Schemes of the Company from time to time.

Disclosures

Information on the total remuneration of members of the Company's Board of Directors, Managing Director/Executive Directors and Key Managerial Personnel/Senior Management Personnel may be disclosed in the Board's Report as per statutory requirements laid down in this regard.

ANNEXURE III-B TO THE DIRECTORS' REPORT

REMUNERATION POLICY FOR KMP'S AND EMPLOYEES

This Policy shall be effective from the Financial Year 2014-15.

Objective

To establish guidelines for remunerating employees fairly and in keeping with statutes.

Definition(s)

"Key Managerial Personnel" (KMP) as defined in section 2(51) of the Companies Act, 2013 means:

(i) the Chief Executive Officer or the Managing Director or Manager;
(ii) the Company Secretary;
(iii) the Whole-time Director;
(iv) the Chief Financial Officer; and
(v) such other officer as may be prescribed.

Standard

The broad structure of compensation payable to employees is as under:

- Fixed pay which has components like basic salary & other allowances/flexi pay as per the grade where the employees can chose allowances from bouquet of options.
- Variable pay (to certain grades) in the form of annual/half yearly performance pay based on Key Result Areas agreed – as applicable.
- Incentives either monthly or quarterly based on targets in the lower grades.
- Retirals such as Provident Fund, Gratuity & Superannuation (for certain grades).
- Benefits such as Employee Stock Option scheme, car scheme, medical & dental benefit, loans, insurance, telephone reimbursements, etc., as per grades.

Increments

Salary increase is given to eligible employees based on position, performance & market dynamics as decided from time to time.

For and on behalf of the Board

Rajeev Dubey
Chairman

Mumbai, April 17, 2017

ANNEXURE IV TO THE DIRECTORS' REPORT

Information pursuant to section 134(3)(m) of the Companies Act, 2013, read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo

(A) Conservation of energy-

i. **the steps taken or impact on conservation of energy;**

The operations of your Company are not energy intensive. However, adequate measures have been initiated to reduce energy consumption

ii. **the steps taken by the company for utilising alternate sources of energy** – Nil

iii. **the capital investment on energy conservation equipments** – Not Applicable

(B) Technology absorption-

i **the efforts made towards technology absorption** – None.

ii **the benefits derived like product improvement, cost reduction, product development or import substitution** – Not applicable.

iii **in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)**

a)	the details of technology imported	*: None*
b)	the year of import;	*: Not applicable*
c)	whether the technology been fully absorbed;	*: Not applicable*
d)	if not fully absorbed, areas where absorption has not taken place, and the reasons thereof;	*: Not applicable*

iv **the expenditure incurred on Research and Development** – Nil.

(C) Foreign exchange earnings and Outgo

The information on foreign exchange earnings and outgo is furnished in the Notes to the Accounts.

For and on behalf of the Board

Rajeev Dubey
Chairman

Mumbai, April 17, 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.)

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	Date of approval by the Board
1	Mahindra & Mahindra Financial Services Limited (MMFSL)	Holding Company	Income-Handling charges	Handling charges towards insurance related services provided to MMFSL on the vehicles financed and hypothecated in favour of MMFSL	26,29,97,350	–

For and on behalf of the Board

Rajeev Dubey
Chairman

Mumbai, 17th April, 2017

INDEPENDENT AUDITOR'S REPORT

To

The Members of MAHINDRA INSURANCE BROKERS LIMITED

Report on the Standalone Ind AS Financial Statements

1. We have audited the accompanying standalone Ind AS financial statements of **Mahindra Insurance Brokers 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, 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 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 there under.

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.

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 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 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 has provided requisite disclosures in the standalone Ind AS 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 by to us by the Management (Refer note 31).

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number: 105102W

H. P. Mahajani
Partner
Membership Number: 030168

Mumbai, April 17, 2017

ANNEXURE I TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the standalone Ind AS financial statements of **Mahindra Insurance Brokers 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 fixed assets of the Company have been physically verified by the Management during the year. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account. In our opinion, the frequency of verification is reasonable.

   (iii) According to the information and explanation given to us, no immovable property is held by the Company in its own name.

2. The Company is in the business of providing insurance broking services and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said order are not applicable to the Company.

3. The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause (iii), (iii)(a), (iii)(b) and (iii)(c) of the Order are not applicable to the Company.

4. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.

5. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified. Therefore the provisions of Clause 3(v) of the Order are not applicable to the company.

6. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

7. (i) According to the records of the Company and information and explanations given to us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Excise Duty, Service Tax, Customs Duty, Value Added Tax, and other statutory dues applicable to it with the concerned authorities.

   (ii) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales Tax, Wealth Tax, Excise Duty, Service Tax, Customs Duty and Value Added Tax that were outstanding, at the year-end for a period of more than six months from the date they became payable.

   (iii) According to the information and explanations given to us and records of the Company examined by us, there are no dues of Income-Tax, Sales Tax, Service Tax, Excise Duty, Customs Duty and Value Added Tax and cess which have not been deposited on account of any dispute.

8. Based on the records examined by us and according to the information and explanations given to us, the Company has not borrowed any money from financial institution or banks or debenture holders during the year under audit.

9. In our opinion and according to the information and explanations given to us, during the year, no term loans were obtained by the Company. During the year, there were no moneys raised by way of initial public offer or further public offer.

10. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, except for an instance aggregating Rs. 5.03 lakhs which was subsequently recovered from the employee, on the company by its officers or employees, we have neither come across any instance of fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such case by the Management.

11. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

12. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

13. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the standalone Ind AS financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

15. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number: 105102W

H. P. Mahajani
Partner
Membership Number. 030168

Mumbai, April 17, 2017

ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MAHINDRA INSURANCE BROKERS LIMITED

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

We have audited the internal financial controls over financial reporting of Mahindra Insurance Brokers Limited ("the Company") as of March 31, 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

H. P. Mahajani
Partner

Membership No. 030168
Mumbai, April 17, 2017

BALANCE SHEET AS AT 31 MARCH 2017

` Lakhs

		Note No.	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
I	**ASSETS**				
1	**NON-CURRENT ASSETS**				
	(a) Property, Plant and Equipment	1	**403.14**	479.02	217.33
	(b) Other Intangible Assets	2	**23.54**	–	–
	(c) Intangible Assets Under Development		**58.21**	28.57	–
	(d) Financial Assets				
	(i) Investments	3	**3,625.00**	9,015.00	9,640.00
	(ii) Loans	4	**13.87**	2,014.66	853.28
	(iii) Other Financial Assets	5	**156.61**	113.59	103.81
	(e) Deferred Tax Assets (net)	6	**113.75**	76.50	52.32
	(f) Other Non-current Assets	7	**3.45**	7.25	–
	SUB-TOTAL		**4,397.57**	11,734.59	10,866.74
2	**CURRENT ASSETS**				
	(a) Financial Assets				
	(i) Investments	3	**8,315.00**	4,375.00	125.00
	(ii) Trade Receivables	8	**2,669.28**	2,212.76	1,325.73
	(iii) Cash and Cash Equivalents	9	**374.06**	303.12	166.35
	(iv) Loans	4	**10,870.52**	3,388.68	5,408.43
	(v) Other Financial Assets	5	**2,355.89**	1,921.22	872.48
	(b) Other Current Assets	7	**26.52**	3.48	2.89
	SUB-TOTAL		**24,611.27**	12,204.26	7,900.88
	TOTAL ASSETS		**29,008.84**	23,938.85	18,767.62
II	**EQUITY AND LIABILITIES**				
	EQUITY				
	(a) Equity Share Capital	10	**257.73**	257.73	257.73
	(b) Other Equity	11	**26,619.58**	21,780.06	17,319.23
	SUB-TOTAL		**26,877.31**	22,037.79	17,576.96
	LIABILITIES				
1	**NON-CURRENT LIABILITIES**				
	(a) Provisions	12	**184.77**	133.81	104.96
	SUB-TOTAL		**184.77**	133.81	104.96
2	**CURRENT LIABILITIES**				
	(a) Financial Liabilities				
	(i) Trade Payables				
	(a) Micro and small enterprises	13	**–**	–	–
	(b) Others	13	**660.79**	562.79	240.01
	(ii) Other Financial Liabilities	14	**34.36**	22.37	–
	(b) Provisions	12	**1,085.38**	1,068.80	761.58
	(c) Other Current Liabilities	15	**166.23**	113.29	84.11
	SUB-TOTAL		**1,946.76**	1,767.25	1,085.70
	TOTAL		**29,008.84**	23,938.85	18,767.62

The accompanying statement of accounting policies and notes 1 to 31 are an integral part of the Financial Statements.

In terms of our report attached.

For B K Khare & Co
Chartered Accountants
Firm Regn No. 105102W

H.P. Mahajani
Partner
Membership No. 30168

Place : Mumbai
Date : 17th April 2017

For and on behalf of the Board of Directors

Rajeev Dubey	Ramesh Iyer	V Ravi	Hemant Sikka
Chairman	**Director**	**Director**	**Director**
Nityanath Ghanekar	Anjali Raina	Dr Jaideep Devare	Rupa Joshi
Director	**Director**	**Managing Director**	**Company Secretary**

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

` Lakhs

	Particulars	Note No.	As at 31 March 2017	As at 31 March 2016
	Continuining Operations			
I	Revenue from operations	16	**15,363.24**	13,136.08
II	Other Income	17	**2,060.23**	1,783.71
III	**Total Revenue (I + II)**		**17,423.47**	14,919.79
IV	**EXPENSES**			
	(a) Employee benefit expense	18	**6,262.09**	5,007.71
	(b) Depreciation and amortisation expense	1, 2	**189.82**	134.05
	(c) Other expenses	19	**2,735.74**	2,312.14
	Total Expenses [(a) + (b) + (c)]		**9,187.65**	7,453.90
V	**Profit/(loss) before exceptional items and tax (III - IV)**		**8,235.82**	7,465.89
VI	**Exceptional Items**		**–**	–
VII	**Profit/(loss) before tax (V - VI)**		**8,235.82**	7,465.89
VIII	**Tax Expense**			
	(1) Current tax	6	**2,905.00**	2,696.00
	(2) Deferred tax	6	**(15.36)**	(43.04)
	Total tax expense [(1) + (2)]		**2,889.64**	2,652.96
IX	**Profit/(loss) after tax from continuing operations (VII - VIII)**		**5,346.18**	4,812.93
X	**Discontinued Operations**			
	(1) Profit/(loss) from discontinued operations		**–**	–
	(2) Tax Expense of discontinued operations		**–**	–
	Profit/(loss) after tax from discontinued operations [(1) + (2)]		**–**	–
XI	**Profit/(loss) for the period (IX - X]**		**5,346.18**	4,812.93
XII	**Other comprehensive income**		**(41.36)**	35.66
	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)		**(63.25)**	54.53
	B (i) Income tax on items that may be reclassified to profit or loss		**21.89**	(18.87)
XIII	**Total comprehensive income for the period (XI + XII)**		**5,304.82**	4,848.59
XIV	**Earnings per equity share (for continuing operation):**			
	(1) Basic	20	**205.83**	188.13
	(2) Diluted	20	**205.83**	188.13
XV	**Earnings per equity share (for discontinued operation):**			
	(1) Basic	20		
	(2) Diluted	20		
XVI	**Earnings per equity share (for continuing and discontinued operations):**			
	(1) Basic	20	**205.83**	188.13
	(2) Diluted	20	**205.83**	188.13

The accompanying statement of accounting policies and notes 1 to 31 are an integral part of the Financial Statements.

In terms of our report attached.

For B K Khare & Co
Chartered Accountants
Firm Regn No. 105102W

H.P. Mahajani
Partner
Membership No. 30168

Place : Mumbai
Date : 17th April 2017

For and on behalf of the Board of Directors

Rajeev Dubey	Ramesh Iyer	V Ravi	Hemant Sikka
Chairman	**Director**	**Director**	**Director**
Nityanath Ghanekar	Anjali Raina	Dr Jaideep Devare	Rupa Joshi
Director	**Director**	**Managing Director**	**Company Secretary**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

` 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	**8,235.82**	7,465.89
Adjustments for:			
Investment income recognised in profit or loss		**(2,060.23)**	(1,783.71)
Gain on disposal of property, plant and equipment	19	**4.23**	2.63
Impairment loss recognised on trade receivables	8	**4.57**	18.39
Depreciation and amortisation of non-current assets	1 & 2	**189.82**	134.05
		6,374.21	5,837.25
Movements in working capital:			
Increase in trade and other receivables		**(461.09)**	(905.42)
(Increase)/decrease in other assets		**(168.75)**	(4.72)
Decrease in trade and other payables		**109.99**	345.15
Increase/(decrease) in provisions		**255.92**	234.50
(Decrease)/increase in other liabilities		**52.94**	29.18
		(210.99)	(301.31)
Cash generated from operations		**6,163.22**	5,535.94
Income taxes paid		**(3,106.19)**	(2,594.43)
Net cash generated by operating activities		**3,057.03**	2,941.51
Cash flows from investing activities			
Interest received	5	**1,625.56**	734.97
Amounts advanced to related parties		**(5,425.00)**	(3,625.00)
Repayments by related parties		**1,450.00**	900.00
Payments for property, plant and equipment		**(166.09)**	(399.18)
Proceeds from disposal of property, plant and equipment	1	**13.83**	0.80
Payments for intangible assets		**(19.09)**	(28.57)
Net cash (used in)/generated by investing activities		**(2,520.79)**	(2,416.98)
Cash flows from financing activities			
Dividends paid to owners of the Company		**(465.30)**	(387.76)
Net cash used in financing activities		**(465.30)**	(387.76)
Net increase in cash and cash equivalents		**70.94**	136.77
Cash and cash equivalents at the beginning of the year		**303.12**	166.35
Effects of exchange rate changes on the balance of cash held in foreign currencies			
Cash and cash equivalents at the end of the year		**374.06**	303.12

In terms of our report attached.

For and on behalf of the Board of Directors

For B K Khare & Co				
Chartered Accountants	Rajeev Dubey	Ramesh Iyer	V Ravi	Hemant Sikka
Firm Regn No. 105102W	**Chairman**	**Director**	**Director**	**Director**
H.P. Mahajani	Nityanath Ghanekar	Anjali Raina	Dr Jaideep Devare	Rupa Joshi
Partner	**Director**	**Director**	**Managing Director**	**Company Secretary**
Membership No. 30168				

Place : Mumbai

Date : 17th April 2017

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST MARCH, 2017.

1 Company overview

Mahindra Insurance Brokers Limited is a Public Limited Company incorporated and domiciled in India. The Company's registered office is at Mumbai, Maharashtra, India. These financial statements correspond to the stand alone financial statements of the Company. The Company is primarily involved in the business of rendering insurance broking services.

The immediate parent Company is Mahindra & Mahindra Financial Services Limited and ultimate parent Company is Mahindra & Mahindra Limited, a company incorporated in Mumbai, India.

2 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 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 notified under the Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act.

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. 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 29.

The financial statements were authorised for issue by the Company's Board of Directors on April 17, 2017.

b. Functional and presentation currency

These financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency. All amounts are rounded-off to the nearest lacs, unless otherwise indicated.

c. Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
– Certain financial assets and liabilities which are generally derivative instruments	Fair value
– Net defined benefit (asset)/liability	Fair value of plan assets less present value of defined benefit obligations

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 and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Assumptions and estimation uncertainties

Following are areas that involved a higher degree of judgement or complexity in determining the carrying amount of some assets and liabilities. Detailed information about each of these estimates and judgements that have a significant risk of resulting in material adjustment in the year ending March 31, 2017 is included in relevant notes.

- Estimation of current tax expense and payable
- Estimated useful life of property, plant and equipments
- Estimated useful life of intangible assets
- Estimation of define benefit obligation
- Impairment of trade receivables
- Recognition of revenue under percentage completion method

Estimates and judgements are continually evaluated. They 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.

Judgements

In following areas judgements are made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements. Detailed information about each of these areas is included in relevant notes.

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.

The Company's has established policies and procedures with respect to the measurement of fair values. The Financial Controller and person entrusted has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, including assessments that these valuations meet the requirements of Ind AS. Significant valuation issues are reported to audit committee.

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 or liability that are not based on observable market data (unobservable inputs).

3 Significant accounting policies

a. Business combination:

Business combinations that occurred prior to 1 April 2015

In respect of such business combinations, goodwill represents the amount recognised under Company's previous accounting framework under Indian GAAP and is adjusted for reclassification of certain intangibles. All Indian GAAP balances are carried forward with minimal adjustments.

Business combinations that occurred on or after 1 April 2015

The Company accounts for all business combinations (other than common control business combinations) using the acquisition method when control is transferred to the Company. The consideration transferred for the business combination is generally measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in OCI and accumulated in equity as a capital reserve if there exists clear evidence of underlying reasons for classifying the business combination as resulting in bargain purchase; otherwise the gain is recognised directly in equity as capital reserve. Transaction costs are expensed as incurred, except to the extent related to the issue of debt and equity securities.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that Contingent meets the definition of a financial instrument is classified as equity, then it is not remeasured subsequently and settlement is accounted within equity. Other contingent consideration is subsequently remeasured at fair value at each reporting date and changes in fair value of the contingent consideration are recognised in profit or loss.

Common control business combinations

Business combinations arising from transfers of interest in entities that are under control of the shareholder that controls the Company are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. The comparative financial statements are restated. The assets and liabilities acquired are recognised at their carrying amounts. The identity of the reserves is preserved and they appear in Company's financial statements in the same form in which they appeared in the financial statements of the acquired entity. The difference, if any, between the consideration and the amount of share capital of the acquired entity is transferred to capital reserve and is presented separately from other capital reserves.

b. Foreign currency:

Transactions in foreign currencies are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non- monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income.

c. Revenue Recognition:

Revenue is measured at the fair value of the consideration received or receivable. Amount disclosed as revenue are exclusive of service tax and net of revenue on policy cancellations and endorsements.

Rendering of services

Brokerage Income, Handling Charges & Broker Retainer Fees is accounted for net of service tax amount on rendition of services. Brokerage income is recognized on receiving details of the policy issued by the insurance company or receipt of brokerage whichever is earlier. The Company recognises revenue from rendering of services in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed based on surveys of work performed.

Dividend and interest income

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

Interest income 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.

Interest income is recognised using effective interest method when it is probable that the economic benefits associated with the interest will flow to the Company, and the amount of the interest can be measured reliably. The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a 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.

d. Government grants:

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to purchase of assets are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected useful lives of the related assets and presented within other income.

e. Employee benefits:

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Post-employment obligations

The Company operates the following post-employment schemes:- defined benefit plans such as gratuity, pension, and- defined contribution plans such as provident fund.

Gratuity and pension obligations

The liability or asset recognised in the balance sheet in respect of defined benefit pension and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

Share-based payment arrangements

Share-based compensation benefits are provided to employees via the Company's Employee Option Plan and share-appreciation rights.

f. 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.

g. Leasing:

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.

Certain arrangements conveys a right to use an asset in return for a payment or series of payments. At inception of the arrangement, the Company determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfillment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Company the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. The lease component is accounted as per Company's accounting policy on leasing transactions. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognized at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognized using the Company's incremental borrowing rate. If the Company concludes for an operating lease that it is impracticable to separate the payments and other consideration into those for the lease and those for other elements, all payments under the arrangement are treated as lease payments.

The Company as lessor

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

The Company as lessor

Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

h. Taxation:

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

Current tax

Current tax comprises expected tax payable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts and it is entended to realise the asset and settle the liability on a net basis or simultaneously.

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.

i. Property, plant and equipment:

Recognition and measurement

All the items classified under property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses, except for freehold land which are stated at cost less any accumulated impairment losses.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated cost of dismantling and removing the items and restoring the site on which it is located.

The cost of self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs.

When significant parts of an item of property, plant and equipment have different useful lives, they are depreciated for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other expenses in profit or loss.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised.

Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using straight-line method and is generally recognised in the statement of profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Freehold land is not depreciated.

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Class of asset	Year ended 31 March 2017	Year ended 31 March 2016
Plant and equipment (including Computers)	**2-25 years**	2-25 years
Office equipments	**2-10 years**	2-10 years
Furniture and fixtures	**2-10 years**	2-10 years
Vehicles	**2-10 years**	2-10 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. The effect of change in estimate of useful life is accounted on prospective basis

j. Investment Property:

Recognition and measurement

Investment property is property held either to earn rental income or for capital appreciation or for both. Upon initial recognition, an investment property is measured at cost. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Subsequent costs

The cost of replacing a part of an item of investment property is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised.

Depreciation

Investment properties are depreciated using the straight-line method over their estimated useful lives. Investment properties generally have a useful life of 25-40 years. Depreciation is calculated on cost of investment property less its estimated residual values over their its useful lives using straight-line method and is generally recognised in the statement of profit or loss.

The estimated useful lives of Investment Property for the current and comparative periods are as follows:

Class of asset	Year ended 31 March 2017	Year ended 31 March 2016
Buildings	**15-50**	15-50

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. The effect of change in estimate of useful life is accounted on prospective basis.

k. Intangible Assets:

Goodwill

Goodwill arising on business combination is initially measured at cost. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

In respect business combinations that occurred prior to 1 April 2015, goodwill represents the amount recognised under Company's previous accounting framework under Indian GAAP and is adjusted for reclassification of certain intangibles.

Intangible assets acquired separately

Intangible assets acquired separately are initially measured at cost. Such intangible assets with finite useful lives are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives.

Internally-generated intangible assets - research and development

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

Development expenditure is capitalised as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets with finite useful lives that are acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired on or after April 1, 2015 in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets with finite useful lives that are acquired separately.

Subsequent costs

Subsequent expenditure is recognised in the carrying amount of the intangible asset only when it increases the future economic benefits embodied in the specific asset to which it relates and its cost can be measured reliably. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation of intangible assets with finite useful lives is calculated on cost of intangible assets less their estimated residual values over their estimated useful lives using straight-line method and is generally recognised in the statement of profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

Class of asset	Year ended 31 March 2017	Year ended 31 March 2016
Computer software	**1-3 years**	1-3 years

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. The effect of change in estimate of useful life is accounted on prospective basis.

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.

l. Impairment of assets other than financial assets:

Impairment of tangible and intangible assets other than goodwill

The Company reviews the carrying amounts of its tangible and intangible assets at the end of each reporting period, to determine whether there is any indication that those assets have impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or 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.

Impairment of goodwill

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the business 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.

m. 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. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

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

n. Financial instruments:

Recognition and initial measurement

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.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

– Amortised cost;
– FVOCI - debt investment;
– FVOCI - equity investment;
– FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

– the financial asset is held within a business model whose objective is to hold financial 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.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

– the financial asset is held within a business model 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.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocable elect to present subsequent changes in the investment's fair value in other comprehensive income (designated as FVOCI - equity investment). This election is made on investment-by-investment basis.

All financial asset not classified as measured at amortised cost or FVOCI as described above are measured at fair value through profit or loss (FVTPL). This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces accounting mismatch that would otherwise arise.

Financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain and loss derecognition is recognised in profit or loss.

Debt investment at FVOCI are subsequently measured at fair value. Interest income under effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investment at FVOCI are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. The dividends on mandatorily redeemable preference shares are recognised in profit or loss as interest expense. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Refer policy on hedge accounting for financial liabilities designated as hedging instruments.

Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of Ind AS 109 are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Company designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

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 expenses' 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.

However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Company expects that some or all of the loss accumulated in other comprehensive income will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Company discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria. This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. 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.

o. Impairment of financial instruments:

The Company recognises a loss allowance for expected credit losses (ECL) on:

- Financial assets measured at amortised cost;
- Financial assets measured at FVOCI - debt investments;

The Company always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the 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 ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

When determining whether credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, including on historical experience and forward-looking information.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognised in OCI and carrying amount of the financial asset is not reduced in the balance sheet.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write- off. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

p. 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.

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 Company are recognised at the proceeds received. Transaction costs of an equity transaction are recognised as a deduction from equity.

Compound financial instruments

The component parts of compound 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 recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. Interest related to the financial liability is recognised in profit or loss (unless it qualifies for inclusion in the cost of an asset).

Conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound 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 [share premium/ other equity [describe]]. Where the conversion option remains unexercised at the maturity date of the convertible instrument, the balance recognised in equity will be transferred to [retained profits/ other equity [describe]]. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

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 at FVTOCI

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

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.

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

Investments in equity instruments are classified as at FVTPL, unless the Group 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 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 Group 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 Group'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.

Financial guarantee contracts:

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contracts issued by a Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

Fair value hedges

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

q. Segment Reporting:

Operating Segments are reported consistently with the internal reporting provided to the Managing Director. The highest decision making executive is responsible for allocating resources to and assessing the performance of the operating segments. The highest decision making body is Managing Director.

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

Note No. 1 - Property, Plant and Equipment

` Lakhs

Description of Assets		Plant and Equipment - Freehold	Office Equipment	Furniture and Fixtures	Vehicles	Total
I.	**Gross Carrying Amount**					
	Balance as at 1 April 2016	392.37	59.95	40.66	334.53	827.51
	Additions	**12.12**	**10.29**	**22.15**	**85.34**	**129.90**
	Disposals	**1.56**	**–**	**–**	**42.06**	**43.62**
	Balance as at 31 March 2017	**402.93**	**70.24**	**62.81**	**377.81**	**913.79**
II.	**Accumulated depreciation and impairment**					
	Balance as at 1 April 2016	173.97	27.59	11.26	135.67	348.49
	Depreciation expense for the year	**85.46**	**11.59**	**5.26**	**85.40**	**187.71**
	Eliminated on disposal of assets	**0.87**	**–**	**–**	**24.68**	**25.55**
	Balance as at 31 March 2017	**258.56**	**39.18**	**16.52**	**196.39**	**510.65**
III.	**Net carrying amount (I-II)**	**144.37**	**31.06**	**46.29**	**181.42**	**403.14**

` Lakhs

Description of Assets		Plant and Equipment - Freehold	Office Equipment	Furniture and Fixtures	Vehicles	Total
I.	**Gross Carrying Amount**					
	Balance as at 1 April 2015	182.26	35.42	11.17	236.53	465.38
	Additions	213.61	24.53	29.49	131.55	399.18
	Disposals	3.50	–	–	33.55	37.05
	Balance as at 31 March 2016	392.37	59.95	40.66	334.53	827.51
II.	**Accumulated depreciation and impairment**					
	Balance as at 1 April 2015	126.80	18.77	5.85	96.63	248.05
	Depreciation expense for the year	49.39	8.82	5.41	70.43	134.05
	Eliminated on disposal of assets	2.22	–	–	31.39	33.61
	Balance as at 31 March 2016	173.97	27.59	11.26	135.67	348.49
III.	**Net carrying amount (I-II)**	218.40	32.36	29.40	198.86	479.02

` Lakhs

Description of Assets		Plant and Equipment - Freehold	Office Equipment	Furniture and Fixtures	Vehicles	Total
I.	**Gross Carrying Amount**					
	Balance as at 1 April 2014	137.23	22.17	11.16	130.99	301.55
	Additions	45.84	13.24	–	105.54	164.62
	Disposals	0.79	–	–	–	0.79
	Balance as at 31 March 2015	182.28	35.41	11.16	236.53	465.38
II.	**Accumulated depreciation and impairment**					
	Balance as at 1 April 2014	67.06	13.61	4.55	24.61	109.83
	Depreciation expense for the year	60.32	5.15	1.30	72.02	138.79
	Eliminated on disposal of assets	0.57	–	–	–	0.57
	Balance as at 31 March 2015	126.81	18.76	5.85	96.63	248.05
III.	**Net carrying amount (I-II)**	55.47	16.65	5.31	139.90	217.33

Note No. 2 - Other Intangible Assets

` Lakhs

Description of Assets		Computer Software	Total
I.	**Gross Carrying Amount**		
	Balance as at 1 April 2016	–	–
	Additions from separate acquisitions	**25.65**	**25.65**
	Balance as at 31 March 2017	**25.65**	**25.65**
II.	**Accumulated depreciation and impairment**		
	Balance as at 1 April 2016	–	–
	Amortisation expense for the year	**2.11**	**2.11**
	Balance as at 31 March 2017	**2.11**	**2.11**
III.	**Net carrying amount (I-II)**	23.54	23.54

Description of Assets		Computer Software	Total
I.	**Intangible Assets**		
	Cost		
	Balance as at 1 April 2015	–	–
	Additions from separate acquisitions	–	–
	Balance as at 31 March, 2016	–	–
II.	**Accumulated depreciation and impairment**		
	Balance as at 1 April 2015	–	–
	Amortisation expense for the year	–	–
	Balance as at 31 March, 2016	–	–
III.	**Net carrying amount (I-II)**	–	–

Other adjustments during the year comprise of interest capitalised.

Note No. 3 - Investments

` Lakhs

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
AMORTISED COST									
Investments Carried at Amortised Cost									
Other Investment (Fixed Deposit with Mahindra & Mahindra Financial Services Limited)	**–**	**8,315**	**3,625**	–	4,375	9,015	–	125	9,640
TOTAL INVESTMENTS CARRIED AT AMORTISED COST	**–**	**8,315**	**3,625**	–	4,375	9,015	–	125	9,640
TOTAL INVESTMENTS	**–**	**8,315**	**3,625**	–	4,375	9,015	–	125	9,640

Note No. 4 - Loans

` 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)	**Loans to related parties**						
	– Unsecured, considered good	**10,550.00**	**–**	3,125.00	2,000.00	5,200.00	825.00
	TOTAL (B)	**10,550.00**	**–**	3,125.00	2,000.00	5,200.00	825.00
b)	**Other Loans**						
	– Unsecured, considered good						
	– Other loans and advances [Advance payment of tax (net of provisions)]	**–**	**12.81**	–	–	–	–
	– Others	**320.52**	**1.06**	263.68	14.66	208.43	28.28
	TOTAL (C)	**320.52**	**13.87**	263.68	14.66	208.43	28.28
	GRAND TOTAL	**10,870.52**	**13.87**	3,388.68	2,014.66	5,408.43	853.28

Refer Note 21 for disclosures related to Credit risk, impairment under expected credit loss model and related financial instrument disclosures.

Note No. 5 - Other financial assets

` 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						
Interest Accrued but not due	**2,355.89**	**–**	1,921.22	–	872.48	–
Security Deposits	**–**	**96.61**	–	53.59	–	43.81
Bank Deposit with more than 12 months maturity	**–**	**60.00**	–	60.00	–	60.00
TOTAL	**2,355.89**	**156.61**	1,921.22	113.59	872.48	103.81

The Bank Deposit with more than 12 months maturity is under lien to the IRDAI as per the IRDAI (Insurance Brokers) Regulations 2013.

Note No. 6 - Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

` Lakhs

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Current Tax:		
In respect of current year	**2,905.00**	2,696.00
	2,905.00	2,696.00
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**(15.36)**	(43.04)
	(15.36)	(43.04)
Total income tax expense on continuing operations	**2,889.64**	2,652.96

(b) Income tax recognised in other Comprehensive income

` 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	**(21.89)**	18.87
Total	**(21.89)**	18.87

` Lakhs

Particulars	Year ended 31 March 2017	Year ended 31 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	**(21.89)**	18.87
Income taxes related to items that will be reclassified to profit or loss	**–**	–
Total	**(21.89)**	18.87

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

` Lakhs

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Profit before tax from continuing operations	**8,235.82**	7,465.89
Income tax expense calculated at 34.608% (2016: 34.608%)	**2,850.25**	2,583.80
Effect of expenses that is non-deductible in determining taxable profit	**173.46**	197.83
Effect of tax incentives and concessions (research and development and other allowances)	**(118.71)**	(85.63)
	2,905.00	2,696.00
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	**2,905.00**	2,696.00

There is no change in the tax rate from that in the previous year.

Note No. 6: Current Tax and Deferred Tax

(i) Movement in deferred tax balances

` 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 liabilities				
Property, Plant and Equipment	**(13.21)**	**(9.60)**	**–**	**(22.81)**
	(13.21)	**(9.60)**	**–**	**(22.81)**
Tax effect of items constituting deferred tax assets				
Employee Benefits	**49.79**	**4.18**	**21.89**	**75.86**
Provisions	**13.50**	**1.58**	**–**	**15.08**
	63.29	**5.76**	**21.89**	**90.94**
Net Tax Asset (Liabilities)	**76.50**	**15.36**	**21.89**	**113.75**

` 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 liabilities				
Property, Plant and Equipment	(10.79)	(2.42)	–	(13.21)
	(10.79)	(2.42)	–	(13.21)
Tax effect of items constituting deferred tax assets				
Employee Benefits	34.52	34.14	(18.87)	49.79
Provisions	7.01	6.49	–	13.50
	41.53	40.63	(18.87)	63.29
Net Tax Asset (Liabilities)	52.32	43.05	(18.87)	76.50

` Lakhs

Particulars	For the Year ended 31 March 2015			
	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax liabilities				
Property, Plant and Equipment	21.06	(26.46)	–	(5.40)
	21.06	(26.46)	–	(5.40)
Tax effect of items constituting deferred tax assets				
Employee Benefits	27.79	12.12	–	39.91
Provisions	4.98	2.03	–	7.01
	32.77	14.15	–	46.92
Net Tax Asset (Liabilities)	11.71	40.61	–	52.32

Note No. 7 - Other assets

` 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) Advances other than capital advances						
(i) Earnest Money Deposit	**0.10**	**–**	–	–	–	–
(ii) Other assets	**26.42**	**–**	3.48	–	2.89	–
(iii) Gratuity Plan Assets	**–**	**3.45**	–	7.25	–	–
Total Other Assets	**26.52**	**3.45**	3.48	7.25	2.89	–

Note No. 8 - Trade receivables

` 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	**2,669.28**	**–**	2,212.76	–	1,325.73	–
(d) Doubtful	**43.59**	**–**	39.02	–	20.63	–
Less: Allowance for Credit Losses	**43.59**	**–**	39.02	–	20.63	–
Total	**2,669.28**	**–**	2,212.76	–	1,325.73	–
Of the above, trade receivables from:						
– Related Parties	**1,084.68**	**–**	818.61	–	487.73	–
– Others	**1,584.60**	**–**	1,394.15	–	838.00	–
Total	**2,669.28**	**–**	2,212.76	–	1,325.73	–

Refer Note 21 for disclosures related to credit risk, impairment of trade receivables under expected credit loss model and related disclosures.

Note No. 9 - Cash and Bank Balances

` 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	**372.07**	301.22	165.00
(b) Cash on hand	**1.99**	1.90	1.35
Total Cash and cash equivalent	**374.06**	303.12	166.35

Note No. 10 - Equity share capital

A. Equity share capital

	` Lakhs
As at 1 April 2015	257.73
Changes in equity share capital during the year	–
As at 31 March 2016	257.73
Changes in equity share capital during the year	–
As at 31 March 2017	**257.73**

Note No. 10 - Equity Share Capital

Particulars	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	No. of shares	` Lakhs	No. of shares	` Lakhs	No. of shares	` Lakhs
Authorised:						
Equity shares of Rs. 10/- each with voting rights	**35,00,000**	**350.00**	35,00,000	350.00	35,00,000	350.00
Issued, Subscribed and Fully Paid:						
Equity shares of Rs. 10/- each with voting rights	**25,77,320**	**257.73**	25,77,320	257.73	25,77,320	257.73
Total	**25,77,320**	**257.73**	25,77,320	257.73	25,77,320	257.73

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

` Lakhs

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	25,77,320	–	–	–	–	25,77,320
Amount	257.73	–	–	–	–	257.73
Year Ended 31 March 2016						
No. of Shares	25,77,320	–	–	–	–	25,77,320
Amount	257.73	–	–	–	–	257.73
Year Ended 1 April 2015						
No. of Shares	25,77,320	–	–	–	–	25,77,320
Amount	257.73	–	–	–	–	257.73

*** 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:

Particulars	No. of Shares		
	Equity Shares with Voting rights	Equity Shares with Differential Voting rights	Others
As at 31 March 2017			
Mahindra and Mahindra Financial Services Limited, the Holding Company	21,90,722	–	–
As at 31 March 2016			
Mahindra and Mahindra Financial Services Limited, the Holding Company	21,90,722	–	–
As at 1 April 2015			
Mahindra and Mahindra Financial Services Limited, the Holding Company	21,90,722	–	–

(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						
Mahindra and Mahindra Financial Services Limited	**21,90,722**	**85%**	21,90,722	85%	21,90,722	85%
Inclusion Resource Pte Limited	**3,86,598**	**15%**	3,86,598	15%	3,86,598	15%

(iv) Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, bonus shares and shares bought back for the period of 5 years immediately preceding the balance sheet date:

Particulars	Aggregate number of shares		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Equity shares with voting rights			
a. Fully paid up pursuant to contract(s) without payment being received in cash	**–**	–	–
b. Fully paid up by way of bonus shares	**–**	20,00,000	20,00,000
c. Shares bought back	**–**	–	–

Note No. 11 - Statement of Changes In Equity for the year ended 31 March 2017

B. Other Equity

` 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	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)	Total
As at 1 April 2015	–	–	–	1,589.50	–	1,658.43	14,071.30	–	–	–	–	–	–	17,319.23
Profit/(Loss) for the period	–	–	–	–	–	–	4,812.93	–	–	–	–	–	–	4,812.93
Other Comprehensive Income/(Loss)	–	–	–	–	–	–	35.66	–	–	–	–	–	–	35.66
Total Comprehensive Income for the year	–	–	–	–	–	–	4,848.59	–	–	–	–	–	–	4,848.59
Dividend paid on Equity Shares	–	–	–	–	–	–	(322.17)	–	–	–	–	–	–	(322.17)
Dividend Distribution Tax	–	–	–	–	–	–	(65.59)	–	–	–	–	–	–	(65.59)
Transfers to Reserves	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers from retained earnings	–	–	–	–	–	–	–	–	–	–	–	–	–	–
As at 31 March 2016	–	–	–	1,589.50	–	1,658.43	18,532.13	–	–	–	–	–	–	21,780.06
Profit/(Loss) for the period	–	–	–	–	–	–	**5,346.18**	–	–	–	–	–	–	**5,346.18**
Other Comprehensive Income/(Loss)	–	–	–	–	–	–	**(41.36)**	–	–	–	–	–	–	**(41.36)**
Total Comprehensive Income for the year	–	–	–	–	–	–	**5,304.82**	–	–	–	–	–	–	**5,304.82**
Dividend paid on Equity Shares	–	–	–	–	–	–	**(386.60)**	–	–	–	–	–	–	**(386.60)**
Dividend Distribution Tax	–	–	–	–	–	–	**(78.70)**	–	–	–	–	–	–	**(78.70)**
As at 31 March 2017	–	–	–	**1,589.50**	–	**1,658.43**	**23,371.65**	–	–	–	–	–	–	**26,619.58**

Description of the nature and purpose of other Equity

` Lakhs

Particulars	31-Mar-17	31-Mar-16
Cash dividends on equity shares declared and paid		
Final dividend for the year ended on 31 March 2016: Rs 15 per share (31 March 2015: Rs 12.50 per share)	**386.60**	322.17
Dividend Distribution Tax on final dividend	**78.70**	65.59
Interim dividend for the year ended on 31 March 2017: Rs 0 per share (Rs 0 per share)	**–**	–
	465.30	387.76
Proposed dividends on Equity shares		
Final dividend for the year ended on 31 March 2017: Rs 17.50 per share (31 March 2016: Rs. 15 per share)	**451.03**	386.60
Dividend Distribution Tax on proposed dividend	**91.82**	78.70
	542.85	465.30

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 No. 12 - Provisions

` 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						
– Long-term Employee Benefits	**1,085.38**	**184.77**	880.42	133.81	674.77	104.96
(b) Other Provisions						
– Provision for tax (net of advance tax paid)	**–**	**–**	188.38	–	86.81	–
Total Provisions	**1,085.38**	**184.77**	1,068.80	133.81	761.58	104.96

Note No. 13 - Trade Payables

` 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 and small enterprises	**–**	**–**	–	–	–	–
Trade payable - Other than micro and small enterprises	**660.79**	**–**	562.79	–	240.01	–
Total Trade Payables	**660.79**	**–**	562.79	–	240.01	–

Note No. 14 - Other Financial Liabilities

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Other Financial Liabilities Measured at Amortised Cost			
Current			
(i) Other liabilities			
(1) Creditors for capital supplies/services	**34.36**	22.37	–
(2) Retention Money	**–**	–	–
Total Other Financial liabilities	**34.36**	22.37	–

Note No. 15 - Other Liabilities

` 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
Statutory dues						
– Taxes payable (other than income taxes)	**63.25**	**–**	28.60	–	37.07	–
– Employee Recoveries and Employer Contributions	**102.98**	**–**	84.69	–	47.04	–
Total Other Liabilities	**166.23**	**–**	113.29	–	84.11	–

Note No. 16 - Revenue from Operations

The following is an analysis of the company's revenue for the year from continuing operations.

` Lakhs

Particulars	As at 31 March 2017	As at 31 March 2016
Revenue from rendering of services	**15,363.24**	13,136.08
Total Revenue from Operations	**15,363.24**	13,136.08

Note No. 17 - Other Income

` Lakhs

Particulars	As at 31 March 2017	As at 31 March 2016
Interest Income		
– On Financial Assets at Amortised Cost	**2,060.23**	1,783.71
Total Other Income	**2,060.23**	1,783.71

Note No. 18 - Employee Benefits Expense

` Lakhs

Particulars			As at 31 March 2017	As at 31 March 2016
(a)	Salaries and wages, including bonus		**5,669.34**	4,372.00
(b)	Contribution to provident and other funds		**267.40**	200.37
(c)	Gratuity Expenses		**45.54**	113.14
(d)	Share based payment transactions expenses			
	(1)	Equity-settled share-based payments	**118.58**	203.78
	(2)	Cash-settled share-based payments	**–**	–
(e)	Staff welfare expenses		**161.23**	118.42
Total Employee Benefit Expense			**6,262.09**	5,007.71

Equity-settled share-based payments

In respect of the Cash-settled share-based payments, Employee Stock Options (ESOS) of the ultimate holding company Mahindra & Mahindra Limited and the holding company Mahindra & Mahindra Financial Services Limited (MMFSL) are issued to eligible employees of the Company. The Company makes the necessary payment to the respective Ultimate holding company and holding company.

Note No. 19 - Other Expenses

` Lakhs

Particulars			As at 31 March 2017	As at 31 March 2016
(a)	Power & Fuel		**56.02**	49.41
(b)	Rent including lease rentals		**334.68**	271.15
(c)	Rates and taxes		**6.90**	8.47
(d)	Insurance		**220.23**	183.88
(e)	Postage, Telephone and Communication		**195.10**	126.05
(f)	Software Charges		**6.63**	23.61
(g)	Repairs and maintenance - Others		**22.42**	46.39
(h)	Administration Support Charges		**149.08**	131.72
(i)	Manpower Contracting Charges		**197.56**	29.44
(j)	Advertisement		**0.45**	7.44
(k)	Miscellaneous expenses		**643.97**	413.74
(l)	Sales promotion expenses		**82.86**	58.71
(m)	Travelling and Conveyance Expenses		**559.88**	587.87
(n)	Expenditure on corporate social responsibilty (CSR) under section 135 of the Companies Act, 2013		**136.75**	120.16
(o)	Provision for doubtful trade and other receivables, loans		**4.57**	18.39
(p)	Auditors remuneration and out-of-pocket expenses		**11.91**	11.23
	(i)	As Auditors	**7.54**	7.25
	(ii)	For Taxation matters	**2.51**	2.50
	(iii)	For Other services	**1.56**	1.40
	(iv)	For reimbursement of expenses	**0.30**	0.08
(q)	Other expenses			
	(i)	Legal and other professional costs	**106.73**	224.48
Total Other Expenses			**2,735.74**	2,312.14

Note No. 20 - 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	**205.83**	188.13
From discontinuing operations	**–**	–
Total basic earnings per share	**205.83**	188.13
Diluted Earnings per share		
From continuing operations	**205.83**	188.13
From discontinuing operations	**–**	–
Total diluted earnings per share	**205.83**	188.13

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:

` Lakhs

	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	**5,304.82**	4,848.59
Less: Preference dividend and tax thereon		
Profit/(loss) for the year used in the calculation of basic earnings per share	**5,304.82**	4,848.59
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	**5,304.82**	4,848.59
Weighted average number of equity shares (nos)	**25,77,320**	25,77,320
Earnings per share from continuing operations - Basic (`)	**205.83**	188.13

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, if any.

` Lakhs

	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	**5,304.82**	4,848.59
Add: Adjustments, if any	**–**	–
Profit/(loss) for the year used in the calculation of diluted earnings per share	**5,304.82**	4,848.59
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	**5,304.82**	4,848.59

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	**25,77,320**	25,77,320
Add: Effect of Warrants, if any	**–**	–
ESOPs, if any	**–**	–
Convertible bonds, if any	**–**	–
Others if any	**–**	–
Weighted average number of equity shares used in the calculation of Diluted EPS	**25,77,320**	25,77,320

Note No. 21 - 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 is subject to minimum capital requirements as stipulated by the IRDAI (Insurance Brokers) Regulations, 2013.

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.

` Lakhs

	31-Mar-17	31-Mar-16	1-Apr-15
Equity	**26,877.31**	22,037.79	17,576.96
Less: Cash and cash equivalents	**(374.06)**	(303.12)	(166.35)
	26,503.25	21,734.67	17,410.61

Categories of financial assets and financial liabilities

` Lakhs

As at 31 March 2017

	Amortised Costs	**FVTPL**	**FVOCI**	**Total**
Non-current Assets				
Investments	**3,625.00**			**3,625.00**
Loans	**13.87**			**13.87**
Other Financial Assets				
– Non Derivative Financial Assets	**156.61**			**156.61**
Current Assets				
Investments	**8,315.00**			**8,315.00**
Trade Receivables	**2,669.28**			**2,669.28**
Other Bank Balances	**374.06**			**374.06**
Loans	**10,870.52**			**10,870.52**
Other Financial Assets				
– Non Derivative Financial Assets	**2,355.89**			**2,355.89**
– Derivative Financial Assets				**–**
Current Liabilities				
Trade Payables	**660.79**			**660.79**
Other Financial Liabilities				
– Non Derivative Financial Liabilities	**34.36**			**34.36**

` Lakhs

As at 31 March 2016

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	9,015.00			9,015.00
Loans	2,014.66			2,014.66
Other Financial Assets				
– Non Derivative Financial Assets	113.59			113.59
Current Assets				
Investments	4,375.00			4,375.00
Trade Receivables	2,212.76			2,212.76
Other Bank Balances	303.12			303.12
Loans	3,388.68			3,388.68
Other Financial Assets				
– Non Derivative Financial Assets	1,921.22			1,921.22
Current Liabilities				
Trade Payables	562.79			562.79
Other Financial Liabilities				
– Non Derivative Financial Liabilities	22.37			22.37

` Lakhs

As at 1 April 2015

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	9,640.00			9,640.00
Loans	853.28			853.28
Other Financial Assets				
– Non Derivative Financial Assets	103.81			103.81

` Lakhs

				As at 1 April 2015
	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Investments	125.00			125.00
Trade Receivables	1,325.73			1,325.73
Other Bank Balances	166.35			166.35
Loans	5,408.43			5,408.43
Other Financial Assets				
– Non Derivative Financial Assets	872.48			872.48
Current Liabilities				
Trade Payables	240.01			240.01

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.

Trade receivables consist of institutional customers, largely insurance companies. The Company deals only with those insurance companies who have obtained an acceptable level of credit rating. The Company does not have significant credit risk exposure to any single external counterparty. Out of total outstanding 41% of the debtors are pertaining to group companies.

The credit risk on liquid funds invested in Fixed Deposits with companies and Intercorporate Deposits is limited because the counterparties are group companies.

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the 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 31 March 2017
	Not due	**Less than 6 months past due**	**More than 6 months past due**	**Total**
Expected loss rate		**0.5%**	**70.0%**	
Gross carrying amount	**–**	**2,669.28**	**43.59**	**2,712.87**
Loss allowance provision	**–**	**13.08**	**30.51**	**43.59**

				As at 31 March 2016
	Not due	Less than 6 months past due	More than 6 months past due	Total
Expected loss rate		0.5%	70.0%	
Gross carrying amount	–	2,212.76	39.02	2,251.78
Loss allowance provision	–	11.71	27.31	39.02

				As at 1 April 2015
	Not due	Less than 6 months past due	More than 6 months past due	Total
Expected loss rate		0.5%	70.0%	
Gross carrying amount	–	1,325.73	20.63	1,346.36
Loss allowance provision	–	6.19	14.44	20.63

Reconciliation of loss allowance provision for Trade Receivables

` In crores

Particulars	31-Mar-17	31-Mar-16
Balance as at beginning of the year	**39.02**	20.63
Impairment losses recognised in the year based on lifetime expected credit losses		
– On receivables originated in the year	**4.57**	18.39
Impairment losses recognised in the year based on 12 month expected credit losses		
– On receivables originated in the year		
Balance at end of the year	**43.59**	39.02

The loss allowance provision has changed during the period due to delays in recovery of brokerage on insurance contracts brokered.

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.

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	34.36	–	–	–
Total	34.36	–	–	–
31-Mar-16				
Non-interest bearing	22.37	–	–	–
Total	22.37	–	–	–
1-Apr-15				
Non-interest bearing	–	–	–	–
Total	–	–	–	–

(iii) Financing arrangements

The Company does not feel the need to have any borrowing facilities at this stage

(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	2,355.89	96.61	–	–
Fixed interest rate instruments	–	60.00	–	–
Total	2,355.89	156.61	–	–
31-Mar-16				
Non-interest bearing	1,921.22	53.59	–	–
Fixed interest rate instruments	–	60.00	–	–
Total	1,921.22	113.59	–	–
1-Apr-15				
Non-interest bearing	872.48	43.81	–	–
Fixed interest rate instruments	–	60.00	–	–
Total	872.48	103.81	–	–

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 invests in fixed rate instruments taking into account the current liquidity requirements. 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 in reinsurance broking when transactions are denominated in a different currency from the Company's functional currency.

The Company mitigates its foreign currency risk by entering into reinsurance contracts wherein the risk is to the account of the cedant insurers or the reinsurers.

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	–	–	–
	EUR	–	–	–
	GBP	–	–	–
Trade Payables	USD	–	–	–
	EUR	–	–	–
	GBP	–	–	–

Foreign Currency Sensitivity

In management's opinion, any sensitivity analysis is not representative of the inherent foreign exchange risk because the exposure is to the account of the cedant insurer or reinsurer.

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 manages its interest rate risk by having a balanced portfolio of long-term as well as short-term fixed deposits with companies as well as intercorporate deposits.

Interest rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rate for non-derivative instruments at the end of reporting period.

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

` Lakhs

	Currency	Increase/ decrease in basis points	Effect on profit before tax
31-Mar-17	**INR**	**+50**	**73.36**
	INR	**-50**	**-73.36**
31-Mar-16	INR	+100	135.94
	INR	-100	-135.94

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 value of financial assets and financial liabilities that are not measured at fair value

` 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						
– Loans to related parties	**10,550.00**	**10,550.00**	5,125.00	5,125.00	6,025.00	6,025.00
– Trade and other receivables	**2,669.28**	**2,669.28**	2,212.76	2,212.76	1,325.73	1,325.73
– Loans/lease receivables	**334.39**	**334.39**	278.34	278.34	236.71	236.71
– Other financial assets	**2,512.50**	**2,512.50**	2,034.81	2,034.81	976.29	976.29
– Fixed Deposits with Companies	**11,940.00**	**11,940.00**	13,390.00	13,390.00	9,765.00	9,765.00
Total	**28,006.17**	**28,006.17**	23,040.91	23,040.91	18,328.73	18,328.73
Financial liabilities						
Financial liabilities held at amortised cost						
– Trade and other payables	**660.79**	**660.79**	698.45	698.45	324.12	324.12
Total	**660.79**	**660.79**	698.45	698.45	324.12	324.12

` Lakhs

	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	**–**	**10,550.00**	**–**	**10,550.00**
– Trade and other receivables	**–**	**2,669.28**	**–**	**2,669.28**
– Loans/lease receivables	**–**	**334.39**	**–**	**334.39**
– Other financial assets	**–**	**2,512.50**	**–**	**2,512.50**
– Fixed Deposits with companies	**–**	**11,940.00**	**–**	**11,940.00**
Total	**–**	**28,006.17**	**–**	**28,006.17**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– Trade and other payables	**–**	**660.79**	**–**	**660.79**
Total	**–**	**660.79**	**–**	**660.79**

` Lakhs

	Fair value hierarchy as at 31 March 2016			
	Level 1	Level 2	Level 3	Total
Financial assets carried at Amortised Cost				
– Loans to related parties	**–**	**5,125.00**	**–**	**5,125.00**
– Trade and other receivables	**–**	**2,212.76**	**–**	**2,212.76**
– Other financial assets	**–**	**2,099.93**	**–**	**2,099.93**
– Fixed Deposits with companies	**–**	**13,390.00**	**–**	**13,390.00**
Total	**–**	**22,827.69**	**–**	**22,827.69**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– Trade and other payables	**–**	**887.25**	**–**	**887.25**
Total	**–**	**887.25**	**–**	**887.25**

` Lakhs

	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	**–**	**6,025.00**	**–**	**6,025.00**
– Trade and other receivables	**–**	**1,325.73**	**–**	**1,325.73**
– Other financial assets	**–**	**1,049.12**	**–**	**1,049.12**
– Fixed Deposits with companies	**–**	**9,765.00**	**–**	**9,765.00**
Total	**–**	**18,164.85**	**–**	**18,164.85**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– Trade and other payables	**–**	**427.22**	**–**	**427.22**
Financial lease payables	**–**	**–**	**–**	**–**
Total	**–**	**427.22**	**–**	**427.22**

The fair values of the financial assets and financial liabilities included in the level 2 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. In the opinion of the management, the difference between the carrying value of the above stated financial assets and liabilities is not materially different from their fair value. Accordingly, the fair value and carrying amount are the same.

Note No. 23 - Leases

` Lakhs

Particulars	**For the year ended 31 March 2017**	For the year ended 31 March 2016	For the year ended 1 April 2015
Details of leasing arrangements			
As Lessee			
Operating Lease			
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 5 years and may be renewed for a further period of 3 to 5 years based on mutual agreement of the parties. The lease agreements provide for an increase in the lease payments by 15 % every 2.5 to 3 years.			
Future Non-Cancellable minimum lease commitments			
not later than one year	**31.77**	–	–
later than one year and not later than five years	**59.56**	52.11	–
later than five years	**–**	–	–
Expenses recognised in the Statement of Profit and Loss			
Minimum Lease Payments	**334.68**	271.15	–

Note No. 24 - Segment information

The Company has determined the operating segment based of structure of reports reviewed by the Strategic Management Council. For management purposes, the Company is organised into a single business unit and has only one reportable segment namely “Insurance Broking services”. The geographical segment is based on the location of client, whether in India or outside India. The Strategic Management Council of the Company monitors the operating results of its business unit for the purpose of making decisions about resource allocation and performance assessment.

` Lakhs

Geographic information	**For the Year Ended 31 March 2017**	For the Year Ended 31 March 2016
Revenue from external customers		
India	**17,346.34**	14,697.86
Outside India	**77.13**	221.93
Total revenue per statement of profit or loss	**17,423.47**	14,919.79

All Non-current operating assets comprising property, plant and equipment, investment properties and intangible assets, if any are located in India.

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:

` Lakhs

	For the Year Ended 31 March 2017	For the Year Ended 31 March 2016
Insurance Broking and auxillary activities	**17,423.47**	14,919.79
Total	**17,423.47**	14,919.79

Revenues from transactions with a single external customer amounts to 10% or more of the entity’s revenues.

Note No. 25 - Employee benefits

(a) Defined Contribution Plan

The Company’s contribution to Provident Fund and Superannuation Fund aggregating Rs. **234.48** lacs (F-2016 : Rs. 177.32 lacs) 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)	**7.36%**	8.00%	8.00%
Expected rate(s) of salary increase	**5%**	5%	5%
Attrition Rate	**Attrition rate of 13% up to the age of 35, 8% up to age of 45 and 6% thereafter**	Attrition rate of 1% up to the age of 30 Years	Attrition rate of 1% up to the age of 30 Years

Defined benefit plans – as per actuarial valuation on 31st March, 2016

` Lakhs

Particulars	Funded Plan Gratuity	
	2017	2016
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:		
Service Cost		
Current Service Cost	**46.12**	111.90
Past service cost and (gains)/losses from settlements	**63.25**	(54.53)
Net interest expense	**(0.58)**	1.24
Components of defined benefit costs recognised in profit or loss	**108.79**	58.61
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	**–**	–
Actuarial gains and loss arising form experience adjustments	**63.25**	(54.53)
Others (describe)	**–**	–
Components of defined benefit costs recognised in other comprehensive income	**63.25**	(54.53)
Total	**–**	–
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March		
1. Present value of defined benefit obligation as at 31st March	**292.76**	190.82
2. Fair value of plan assets as at 31st March	**296.21**	198.07
3. Surplus/(Deficit)	**(3.45)**	(7.25)
4. Current portion of the above	**50.55**	23.61
5. Non current portion of the above	**242.21**	167.21
II. Change in the obligation during the year ended 31st March		
1. Present value of defined benefit obligation at the beginning of the year	**190.82**	121.18
2. Add/(Less) on account of Scheme of Arrangement/ Business Transfer		
3. Expenses Recognised in Profit and Loss Account		
– Current Service Cost	**46.12**	111.90
– Past Service Cost	**–**	–
– Interest Expense (Income)	**15.27**	12.21
4. Recognised in Other Comprehensive Income		
Remeasurement gains/(losses)		
– Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions	**–**	–
ii. Financial Assumptions	**51.63**	(51.68)
iii. Experience Adjustments		
5. Benefit payments	**(11.08)**	(2.79)
6. Others (Specify)		
7. Present value of defined benefit obligation at the end of the year	**292.76**	190.82
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	**198.07**	137.05
2. Add/(Less) on account of Scheme of Arrangement/ Business Transfer	**–**	–
3. Expenses Recognised in Profit and Loss Account		
– Expected return on plan assets	**15.85**	10.96
4. Recognised in Other Comprehensive Income		
Remeasurement gains/(losses)		
– Actual Return on plan assets in excess of the expected return	**(11.62)**	2.85
– Others (specify)	**–**	–
5. Contributions by employer (including benefit payments recoverable)	**104.99**	50.00
6. Benefit payments	**(11.08)**	(2.79)
7. Fair value of plan assets at the end of the year	**296.21**	198.07
IV. The Major categories of plan assets		
– Insurer managed funds	**100%**	100%
V. Actuarial assumptions		
1. Discount rate	**7.36%**	8.00%
2. Expected rate of return on plan assets	**8.00%**	8.00%
3. Attrition rate	**13% up to the age of 35, 8% up to age of 45 and 6% thereafter**	1% up to the age of 30 Years

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

` Lakhs

Principal assumption		Changes in assumption	Impact on defined benefit obligation	
			Increase in assumption	Decrease in assumption
Discount rate	**2017**	**1%**	**(3.41)**	**3.47**
	2016	1%	–	–
	2015	1%	–	–
Salary growth rate	**2017**	**1%**	**2.53**	**(2.55)**
	2016	1%	–	–
	2015	1%	–	–
Life expectancy	**2017**	**+/- 1 year**	**Negligible**	**Negligible**
	2016	+/- 1 year	Negligible	Negligible
	2015	+/- 1 year	Negligible	Negligible

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. 125 lacs to the gratuity trusts during the next financial year of 2018.

Maturity profile of defined benefit obligation:

` Lakhs

	2017	2016	2015
Within 1 year	**24.40**	23.78	19.50
1 - 2 year	**30.30**	0.33	0.29
2 - 3 year	**36.73**	0.34	0.30
3 - 4 year	**43.73**	0.31	0.26
4 - 5 year	**51.84**	0.27	0.22
5 - 10 years			

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.

VIII. Experience Adjustments :	Period Ended				
	2017	2016	2015	2014	2013
	Gratuity				
1. Defined Benefit Obligation	**292.76**	190.82	121.18	84.19	65.8
2. Fair value of plan assets	**296.21**	198.07	137.05	96.01	68.01
3. Surplus/ (Deficit)	**(3.45)**	(7.25)	(15.87)	(11.82)	(2.21)
4. Experience adjustment on plan liabilities [(Gain)/Loss]	51.64	(51.67)	(44.44)	(45.30)	(27.86)
5. Experience adjustment on plan assets [Gain/(Loss)]	(15.85)	2.85	(10.16)	(2.17)	(0.10)

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.

Note No. 26 - Related Party Transactions

Name of the parent Company	**: Mahindra & Mahindra Financial Services Limited**
Name of the Ultimate parent Company	**: Mahindra & Mahindra Limited**
Name of the Fellow subsidiaries	**: Mahindra Rural Housing Finance Limited**
	: Mahindra Integrated Business Solutions Limited
	: Mahindra First Choice Wheels Limited
Key Management Personnel	**: Dr Jaideep Devare, Managing Director**
	: Rupa Joshi, Company Secretary

Details of transaction between the Company and its related parties are disclosed below:

` Lakhs

Particulars	For the year ended	Parent Company and Ultimate Parent company	KMP of the Company	Fellow subsidiaries
Nature of transactions with Related Parties				
Purchase of property and other assets	**31-Mar-17**	**10.48**	**–**	**10.50**
including intangibles	31-Mar-16	17.19	–	–
Rendering of services	**31-Mar-17**	**2,629.97**	**–**	**–**
	31-Mar-16	2,092.44	–	–
Receiving of services	**31-Mar-17**	**274.21**	**127.09**	**120.86**
	31-Mar-16	343.39	106.46	–
Interest Income	**31-Mar-17**	**1,462.15**	**–**	**589.78**
	31-Mar-16	1,363.13	–	411.71
Loans given (including Fixed Deposits &	**31-Mar-17**	**11,450.00**	**–**	**8,350.00**
Intercorporate Deposits placed during the year)	31-Mar-16	11,250.00	–	2,200.00
Loans taken (incl Fixed Deposits matured &	**31-Mar-17**	**13,625.00**	**–**	**2,200.00**

` Lakhs

Particulars	For the year ended	Parent Company and Ultimate Parent company	KMP of the Company	Fellow subsidiaries
Intercorporate Deposits withdrawn during the year)	31-Mar-16	8,275.00	–	2,450.00
Dividend Paid	**31-Mar-17**	**328.61**	**–**	**–**
	31-Mar-16	273.84	–	–

` Lakhs

Nature of Balances with Related Parties	Balance as on	Parent Company and Ultimate Parent company	KMP of the Company	Other related parties
Trade payables	**31-Mar-17**	**56.93**	**–**	**11.03**
	31-Mar-16	72.03	–	–
Loans & advances given (incl. Fixed Deposits and Intercorporate Deposits placed)	**31-Mar-17**	**12,140.00**	**–**	**10,350.00**
	31-Mar-16	14,315.00	–	4,200.00
Other balances (including Trade Receivables and Interest Accrued)	**31-Mar-17**	**3,018.11**	**–**	**341.67**
	31-Mar-16	2,519.19	–	154.93

Compensation of key managerial personnel

The remuneration of directors and other members of key managerial personnel during the year was as follows:

` Lakhs

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Short-term employee benefits	**127.09**	106.46
Post-employment benefits[1]		
Other long-term benefits[1]		
Termination benefits	**–**	–
Share-based payment[2]		

1 Figures not available separately for gratuity and leave encashment.

2 Included in the Stock Option Charge paid to parent company for its Stock Options granted to Key Managerial Personnel.

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

Note No. 27 - Contingent liabilities and commitments

Contingent liabilities (to the extent not provided for)

` Lakhs

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Contingent liabilities	**–**	–	–

` Lakhs

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Commitments			
Estimated amount of contracts remaining to be executed on capital account and not provided for:	**–**	–	–
Commitments for the acquisition of intangible assets	**43.95**	21.13	–

Note No. 28 - Events after the reporting period

There are no reportable events occurred after the balance sheet but before the approval of financial statements by board of directors.

Note No. 29 - 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:

` Lakhs

Particulars	As at 31 March 2016	As at 1 April 2015
Equity as reported under previous GAAP	21,572.49	17,189.20
<u>Ind AS: Adjustments increase (decrease):</u>		
Dividends not recognised as liability until declared	465.30	387.76
Equity as reported under IND AS	22,037.79	17,576.96

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

` Lakhs

Particulars	Year Ended 31 March 2016
Profit or Loss as per previous GAAP	7,520.42
Ind AS: Adjustments increase (decrease):	
Employee future benefits – actuarial gains and losses (Net of Tax)	(54.53)
Total adjustment to profit or loss	(54.53)
Profit or Loss under Ind AS	7,465.89
Other comprehensive income	–
Total comprehensive income under Ind AS	7,465.89

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

` Lakhs

	Year ended 31 March 2016		
Particulars	**Previous GAAP**	**Ind AS Adjustments**	**Ind AS**
Net cash flows from operating activities	2,941.51	–	2,941.51
Net cash flows from investing activities	(2,416.99)	–	(2,416.99)
Net cash flows from financing activities	(387.75)	–	(387.75)
Net increase (decrease) in cash and cash equivalents	136.77	–	136.77
Cash and cash equivalents at beginning of period	166.34	–	166.34

` Lakhs

Particulars	Year ended 31 March 2016 Previous GAAP	Ind AS Adjustments	Ind AS
Effects of exchange rate changes on the balance of cash held in foreign currencies	–	–	–
Cash and cash equivalents at end of period	303.11	–	303.11

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

` Lakhs

Particulars	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	303.11	166.34
Other adjustments (if any)	–	–
Cash and cash equivalents for the purpose of Statement of Cash flows as per Ind AS	303.11	166.34

Note No. 30 - Additional Information to the consolidated Financial Statements

Dividend

In respect of the current year, the directors propose that a dividend of Rs. 17.50 per share be paid on equity shares on July 17, 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 June 16, 2017. The total estimated equity dividend to be paid is Rs. 451.03 lacs. The payment of this dividend is estimated to result in payment of dividend tax of Rs. 91.82 lacs @ 20.358% 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

` Lakhs

	Particulars	31-Mar-17	31-Mar-16
(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.

` Lakhs

Expenditure in foreign currency on account of	For the year ended 31 March 2017	For the year ended 31 March 2016
Professional and consultation fees	**0.86**	79.06
Other matters	**40.96**	56.16

` Lakhs

Earnings in foreign exchange	For the year ended 31 March 2017	For the year ended 31 March 2016
Other income - Reinsurance brokerage and Consultancy Fees Income	**77.13**	221.93

` Lakhs

Amounts remitted in foreign currency during the year on account of dividend	For the year ended 31 March 2017	For the year ended 31 March 2016
Amount of dividend remitted in foreign currency	**57.99**	48.32
Total number of non-resident shareholders to whom the dividends were remitted in foreign currency	**1**	1
Total number of shares held by them on which dividend was due	**3,86,598**	3,86,598
Year to which the dividend relates	**FY 2015-16**	FY 2014-15

The financial statements of Mahindra Insurance Brokers Limited were approved by the Board of Directors and authorised for issue on April 17, 2017.

Note No. 31 Disclosure On Specified Bank Notes (SBNs)

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016, the denomination wise SBNs and other notes as per the notification is given below:

` Lakhs

	Particulars	SBNs	Other denomination notes	Total
	Closing Cash In Hand As On 08.11.2016	1.11	0.32	1.43
(+)	Permitted Receipts	–	2.90	2.90
(-)	Permitted Payments	–	2.84	2.84
(-)	Amount Deposited In Banks	1.11	–	1.11
	Closing Cash In Hand As On 30.12.2016	**–**	**0.38**	**0.38**

BOARD'S REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting their Tenth Report together with the audited Financial Statements of your Company for the year ended 31st March, 2017.

FINANCIAL RESULTS **Amount in Rs. Lakhs**

Particulars	**For the year ended 31st March, 2017**	For the year ended 31st March, 2016
Total Income	**70,336.89**	49,544.73
Less : Expenses:		
Employee Benefits Expense	**12,847.83**	9,218.31
Finance Costs	**29,794.38**	21,332.05
Depreciation and Amortization Expense	**528.04**	343.34
Other Expenses	**14,476.38**	8981.39
Total Expenses	**57,646.63**	39,875.09
Profit Before Tax	**12,690.26**	9,669.64
Less : Tax Expense:		
(1) Current Tax	**5,260.00**	3,818.00
(2) Deferred Tax	**(824.50)**	(488.29)
(3) (Excess)/Short Provision for Income Tax – earlier years	**(45.79)**	71.90
Profit/(Loss) for the year	**8,300.55**	6,268.03
Profit/(Loss) brought forward from previous year	**7,841.82**	3,898.79
Amount available for Appropriation	**16,142.37**	10,166.82
Appropriations:		
Special Reserve	**3,300.00**	2,300.00
Additional Special Reserve (u/s 29C of NHB Act, 1987)	**25.00**	25.00
Dividend on Equity Shares	***1,060.21**	–
Income-tax on dividend	***215.83**	–
Balance as at the end of the year	**11,541.33**	7,841.82

* Provision for the dividend on Equity Shares and Income-tax on proposed dividend for F.Y. 2016-17 will be made upon the approval of the dividend by Shareholders at the forthcoming Annual General Meeting. This is in compliance with the Companies (Accounting Standards) Amendment Rules, 2016, issued by the Ministry of Corporate Affairs, vide its Notification No. G.S.R.364 (E) dated 30th March, 2016. The dividend and tax on dividend in appropriations above pertains to F.Y. 2015-16 paid during the year under consideration.

There have been no material changes and commitments, affecting the financial position of the Company which occurred between the end of the Financial Year 2016-17 and the date of this Report.

OPERATIONS

During the year under consideration, the total income was Rs. 703.37 crores as against Rs. 495.45 crores for the Financial Year 2015-16, registering a growth of 42 percent over the previous year. Profit before tax was 31 percent higher at Rs. 126.90 crores as compared to Rs. 96.70 crores for the previous year. Profit after tax was 32 percent higher at Rs. 83.01 crores as compared to Rs. 62.68 crores for the previous year.

Your Company has disbursed loans aggregating to Rs. 2,116.21 crores (previous year Rs. 1,552.48 crores) achieving a growth of 36 percent over the previous year. The outstanding loan portfolio as at 31st March, 2017 stood at Rs. 4,823.55 crores. Your Company continued its focus on serving customers in rural India. Majority of the loans disbursed were to customers in villages with an average annual household income of less than Rs. 1.50 lakhs. During the year under consideration, around 1,72,000 households were given home loans (in addition to around 3,88,000 existing households as on 31st March, 2016). Your Company has been expanding its geographical presence to provide affordable services for rural households.

During the year under consideration, operations were strengthened in the states of Maharashtra, Gujarat, Rajasthan, Tamil Nadu, Andhra Pradesh, Telangana, Chhattisgarh, Kerala, Karnataka, Madhya Pradesh, Uttar Pradesh and Bihar.

CORPORATE GOVERNANCE

During the year under consideration, the Board of Directors approved 'fit & proper policy' for Directors and framed internal guidelines for Corporate Governance in pursuance of the provisions of Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016 issued by the National Housing Bank vide Notification no. NHB.HFC. CG-DIR.1/MD&CEO/2016 dated 9th February, 2017. As required under the provisions of the said directions, internal guidelines on Corporate Governance framed by the Board are available on the web site of the Company at the following link:

http://www.mahindrahomefinance.com/pdf/internal_guidelines_corporate_governance.pdf

Pursuant to aforesaid directions, declarations in the prescribed format have been received from all Directors and a Deed of Covenants, as prescribed under the said directions has been signed by all directors and the Company.

A management discussion and analysis, as required under the aforesaid directions of the National Housing Bank, is given below.

MANAGEMENT DISCUSSION AND ANALYSIS

a) **Industry Structure and developments**

A report published by KPMG ("Decoding Housing for All by 2022"), pegs the 2012 shortage of Housing units in India at 5.9 crore units (and projects it to increase to 11 crore units by 2022). Of this, the shortage in rural areas is 4 crore units (projected to increase to 6.4 crore units by 2022) while the shortage in urban areas is placed at 1.9 crore units (projected to increase to 4.6 crore units by 2022). Moreover 95 per cent of the housing shortage in urban areas is within the Economically Weaker Sections (EWS)/Lower Income Group (LIG) segments defined as households at the Bottom of the Economic Pyramid with annual household incomes of less than 3 lakhs (EWS) or 6 lakhs (LIG).

Recognizing this issue, the Government of India has set up an ambitious goal of "Housing For All by 2022", supported by schemes like Pradhan Mantri Awas Yojana (Urban) [PMAY-U] and the recently announced Pradhan Mantri Awas Yojana (Gramin) [PMAY-G], which offer incentive and subsidies to eligible beneficiaries from these underserved segments of the society. Since the large unmet demand for housing is unlikely to be met without adequate housing finance assistance, all such subsidies are being routed through formal financial institutions like Banks and Housing Finance Companies. Your Company is uniquely positioned to help in addressing this crying social need because of the reach and more importantly, the knowledge your Company has acquired about the customer segment the Company serves. Your Company will continue to focus on serving the underserved rural customers and grow the business. In addition, your Company will now begin focusing on the affordable housing segment in smaller towns and cities as well, given the large market opportunity and its experience in serving customers with incomplete income documentation and no credit history. The Government's focus on this segment and the large unmet demand would combine to make this initiative develop into another growth engine for the Company.

b) **Opportunities and Threats**

Opportunities

- Govt. thrust on housing.
- Large untapped market.
- Digitization – external and internal.
- Improving rural infrastructure.

Threats

- Market disruption through technology and/or new innovative business models.
- Competition/new entrants.

c) **Segment-wise or product-wise performance**

The Company does not have segments and operates only in one segment. The performance of the Company is covered above in the paragraph 'operations'.

d) **Outlook**

With the thrust of the Government on affordable housing and the ambitious target of 'housing for all by 2022', the outlook for the industry is buoyant. With the innate business strengths of the Company like Pedigree/Brand Image, Strong Balance Sheet, Reach, Customer base, trained and dedicated work force and insight of the market it serves, the Company is in a position to capitalize on favourable conditions and drive growth.

e) **Risks and concerns**

- People intensive nature of the industry.
- Agriculture/Weather Cycle dependent.
- No or limited banking habits of customers.

f) **Internal control systems and their adequacy**

The Company has in place an adequate internal control system to safeguard all assets and ensure operational excellence. It also has a team of Internal Auditors to conduct internal audit. Independent audit firms ensure that all transactions are correctly authorized and reported. The internal audit reports are discussed with the management and reviewed by the Audit Committee of the Board of Directors. The Audit Committee also reviews the adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations. Wherever deemed necessary, internal control systems are strengthened and corrective actions initiated.

g) **Discussion on financial performance with respect to operational performance**

The financial and operational performance is elaborated above in the paragraphs 'Financial Results' and 'Operations'.

h) **Material developments in Human Resources/Industrial Relations front, including number of people employed**

There were no material developments in Human Resource/Industrial Relations front during the year under consideration. The Company had 6,238 employees as at 31st March, 2017.

TRANSFER TO RESERVES

The Company proposes to transfer an amount of Rs. 33.25 crores to the Statutory Reserves. No amount is proposed to be transferred to General Reserve.

DIVIDEND

Your Directors recommend a dividend of Re. 1.50 per Equity Share on 9,51,32,166 Equity Shares of the face value of Rs. 10 each, aggregating to Rs. 1717.52 lakhs (including Dividend Distribution Tax).

The above dividend, if approved, will be paid to those Members whose names appear in the Register of Members as on the Record Date fixed for this purpose.

The dividend, including Dividend Distribution Tax, surcharge and education cess, will absorb a sum of Rs. 17.18 crores [as against Rs. 12.76 crores (including tax) on account of dividend of Re. 1.40 per Equity Share, paid for the previous year].

FINANCE

During the year under consideration, your Company was sanctioned Term Loans amounting to Rs. 550 crores from banks for tenures of three to five years.

As on 31st March, 2017, outstanding borrowings from Banks stood at Rs. 2,502.20 crores (of Long Term Loans) and outstanding borrowings from National Housing Bank amounted to Rs. 137.06 crores.

During the year under consideration, your Company has raised an amount of Rs. 122.00 crores by issue of 1220 Unsecured Subordinated Redeemable Non-Convertible Debentures (NCDs) of Rs. 10,00,000 each for cash at par on a Private Placement basis.

During the year under consideration, your Company has raised an amount of Rs. 463.50 crores by issue of 4635 Secured Subordinated Redeemable Non-Convertible Debentures (NCDs) of Rs. 10,00,000 each for cash at par on a Private Placement basis, including zero coupon bonds.

The Company has been regular in repayment of its borrowings and payment of interest due thereon. There were no NCDs which have not been claimed by the investors or not paid by the Company after the date on which the NCDs became due for redemption.

LISTING

During the year under consideration, your Company's Secured NCDs have been listed on the BSE Limited and the Company has paid the requisite listing fees in full.

CREDIT RATING

During the year under consideration, India Rating & Research Private Limited has reaffirmed the rating to the Company's Bank facilities, Non-Convertible Debentures and Subordinated Debt as 'IND AA+/stable' outlook and 'IND A1+' rating to the Commercial Paper Issued by the Company.

Credit Analysis & Research Limited has assigned the 'CARE AA+/stable' rating to the Company's Non-Convertible Debentures and reaffirmed the rating as 'CARE AA+/stable' to the Subordinated Debt of the Company.

CRISIL has upgraded its rating on long-term debt instrument to 'CRISIL AA+/Stable' from 'CRISIL AA-/Stable' and reaffirmed the rating as 'CRISIL A1+' to the Commercial Paper Issued by the Company.

ACHIEVEMENTS

Your Company achieved People Capability Maturity Model (PCMM) Level 3 rating during the year under consideration. The PCMM framework assesses the management and development of human assets of the organization through a detailed audit of 22 processes across 5 maturity levels. Widely used in the IT services and BPO industry, your Company has adopted this framework given the manpower intensity of it's business model. The Level 3 rating is on the scale of 5 levels and has been achieved in the very first assessment year.

During the year under consideration, your Company and its unique business model and strategy was also showcased in a book on business strategy titled "Riding the Tiger – How to Execute Business Strategy in India".

SHARE CAPITAL

During the year under consideration, 1,94,02,985 Equity Shares of the face value of Rs. 10 each were allotted to the existing Shareholders of the Company on a Rights basis for cash at a premium of Rs. 57 per Equity Share aggregating to Rs. 129,99,99,995. Your Company has utilised the issue proceeds to augment its capital base, meet its capital requirements and for other general corporate purposes. Post allotment of Equity Shares as aforesaid, the issued, subscribed and paid-up Share Capital of the Company stands at Rs. 95.13 crores comprising of 9,51,32,166 Equity Shares of Rs. 10 each fully paid-up.

During the year under consideration, the Company has neither issued shares with differential voting rights as to dividend, voting or otherwise, nor has issued sweat equity.

During the year under consideration, an Employee Stock Option Scheme (the Scheme) was approved by the Board of Directors for the employees, as defined under the Scheme, upon the recommendation of the Nomination and Remuneration Committee. The Scheme is proposed to be administered through a trust to be created for the purpose. The Scheme is subject to the approval of Shareholders.

There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which, loan was given by the Company.

As on 31st March, 2017, none of the Directors of the Company holds instruments convertible into Equity Shares of the Company.

DEPOSITORY SYSTEM

Your Company's Equity Shares are available for dematerialisation through National Securities Depository Limited. As on 31st March, 2017, all the Equity Shares of your Company were held in dematerialised form except 12 shares held in physical form by the nominees of Mahindra & Mahindra Financial Services Limited, the Holding Company.

CAPITAL ADEQUACY

Consequent upon the allotment of Equity Shares on a Rights basis, the paid-up Share Capital of the Company has increased to Rs. 95.13 crores as on 31st March, 2017 from Rs. 75.73 crores as on 31st March, 2016. The securities premium account has also been credited with Rs. 110.60 crores.

As a result of the increased Net Worth, the Capital to Risk Assets Ratio (CRAR) of your Company enhanced to 30.54 percent as on 31st March, 2017 which is well above the 12 percent CRAR prescribed by the National Housing Bank.

NON-PERFORMING ASSETS AND PROVISIONS FOR CONTINGENCY

Your Company scrupulously adheres to the prudential guidelines for Non-Performing Assets (NPAs) issued by the National Housing Bank under its Housing Finance Companies (NHB) Directions, 2010, as amended from time to time. Your Company has made adequate provision for the assets on which installments are overdue for more than 90 days and on other assets, as required. Inclusion of Housing Finance Companies with an asset size of Rs. 500 crores and above under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) will give a boost to the recovery efforts and reduce asset quality problems in future.

INSPECTION BY NATIONAL HOUSING BANK (NHB)

During the year under consideration, NHB has carried out the Inspection of your Company for the financial position as at 31st March, 2016. Inspection report for the financial position as on 31st March, 2015, received during the year under consideration, did not find any major deficiencies/short comings in the functioning of the company. The report was reviewed by the Audit committee and the Board of Directors and management compliance reply on action taken/proposed to be taken was submitted to NHB.

INSURANCE PROTECTION TO BORROWERS

Your Company has tied up with Kotak Mahindra Old Mutual Life Insurance Limited, HDFC Standard Life Insurance Company Limited and Cholamandalam MS General Insurance Company Limited for insurance of its housing loan products along with life insurance called ‘Sampoorna Suraksha Plan’ which covers the borrowers of the Company.

DIRECTORS

Pursuant to the provisions of section 152 of the Companies Act, 2013, Mr. Ramesh Iyer, Non-Executive Non-Independent Director of the Company retires by rotation at the forthcoming Annual General Meeting and being eligible, has offered himself for re-appointment.

None of the Independent Directors are due for re-appointment.

KEY MANAGERIAL PERSONNEL

During the year under consideration, Ms. Arnavaz M. Pardiwalla, resigned as the Company Secretary and Key Managerial Personnel of the Company. The resignation was effective from 14th July, 2016.

The Board of Directors, on the recommendation of the Nomination and Remuneration Committee, appointed Mr. Navin Joshi as the Company Secretary & Compliance Officer of the Company with effect from 14th July, 2016.

Mr. Anuj Mehra, Managing Director, Mr. Dharmesh Vakharia, Chief Financial Officer and Mr. Navin Joshi, Company Secretary & Compliance Officer are the Key Managerial Personnel of the Company as per the provisions of Section 203 of the Companies Act, 2013.

COMPOSITION OF THE BOARD

The composition of the Board of Directors of your Company is in conformity with the provisions of the Companies Act, 2013, as amended from time to time. The Company has a Non-Executive Chairman, a Managing Director, three Non-Executive Non-Independent Directors (including a Nominee Director appointed by National Housing Bank) and three Independent Directors. The Board reviews and approves strategy and oversees the actions and results of management to ensure that the long term objectives of enhancing stakeholders’ value are met.

Board Meetings and Annual General Meeting

During the Financial Year 2016-17, the Board of Directors met five times on 15th April, 2016, 14th July, 2016, 14th October, 2016, 13th January, 2017 and 2nd March, 2017.

The names and categories of the Directors of the Company, their attendance at the Board Meetings held during the Financial Year 2016-17 and at the last Annual General Meeting (AGM) of the Company held on 14th July, 2016 as well as at the adjournment thereof on 12th August, 2016, are as follows:

Names of Directors	Category	Attendance at the Board Meetings held during F.Y. 2016-17		Attendance at the last Annual General Meeting (Yes/No)	
		Held	Attended	AGM on 14th July, 2016	Adjourned AGM on 12th August, 2016
Mr. Ramesh Iyer (Chairman)	Non-Executive Non-Independent Director	5	5	Yes	Yes
Mr. Anuj Mehra (Managing Director)	Executive Director	5	5	Yes	Yes
Mr. V. Ravi	Non-Executive Non-Independent Director	5	5	Yes	Yes
Mr. K. Chandrasekar	Non-Executive Non-Independent Director	5	4	Yes	No
Mr. K. Chakarvarthy (Nominee of National Housing Bank)	Non-Executive Non-Independent Director	5	4	No	No
Mr. Nityanath Ghanekar	Independent Director	5	4	Yes	Yes
Mrs. Anjali Raina	Independent Director	5	5	Yes	Yes
Dr. Narendra Mairpady	Independent Director	5	5	Yes	No

MEETING OF INDEPENDENT DIRECTORS

The Independent Directors met once during the year under consideration. The Meeting was conducted without the presence of the Chairman, the Managing Director, the Non-Executive Non-Independent Directors and the Chief Financial Officer.

COMMITTEES OF THE BOARD

(a) AUDIT COMMITTEE

Your Company has an adequately qualified and experienced Audit Committee. As on 31st March, 2017, the Audit Committee comprised of four Non-Executive Directors of which three are Independent Directors. The Committee comprises of Mr. Nityanath Ghanekar (Chairman), Mrs. Anjali Raina and Dr. Narendra Mairpady, all Independent Directors and Mr. V. Ravi, Non-Executive Non-Independent Director.

The terms of reference of the Audit Committee are as follows:

a) To recommend appointment, remuneration and terms of appointment of auditors and internal auditors of the Company;

b) To review and monitor the auditor's independence and performance, and effectiveness of audit process;

c) To examine the quarterly and annual financial statements and the auditor's report thereon;

d) To approve or subsequently modify transactions of the Company with Related Parties;

e) To scrutinize inter-corporate loans and investments;

f) To undertake valuation of undertakings or assets of the Company, wherever it is necessary;

g) To evaluate Internal Financial Controls and risk management systems;

h) To monitor the end use of funds raised through public offers and related matters;

i) To formulate the scope, functioning, periodicity and methodology for conducting the internal audit, in consultation with the Internal Auditor;

j) To discharge from time to time such other acts, duties and functions as may be assigned by the Board of Directors or prescribed under the Companies Act, 2013 or any other applicable law and Rules made thereunder.

The Audit Committee met five times during the year under consideration on 15th April, 2016, 14th July, 2016, 14th October, 2016, 13th January, 2017 and 2nd March, 2017.

The attendance of the Members of the Audit Committee at its Meetings held during the Financial Year 2016-17 is given below:

Names of Members	Category	Audit Committee Meetings	
		Held	Attended
Mr. Nityanath Ghanekar (Chairman)	Independent Director	5	4
Mrs. Anjali Raina	Independent Director	5	5
Dr. Narendra Mairpady	Independent Director	5	5
Mr. V. Ravi	Non-Executive Non-Independent Director	5	5

The Board has accepted all the recommendations made by the Audit Committee during the year under consideration. The Chairman of the Board, Managing Director, Chief Financial Officer, Chief Internal Auditor of Mahindra & Mahindra Limited and Statutory Auditors are regularly invited to attend the Audit Committee Meetings. The Company Secretary is the Secretary to the Committee.

Mr. Nityanath Ghanekar, Chairman of the Audit Committee, was present at the 9th Annual General Meeting of the Company held on 14th July, 2016 as well at its adjournment on 12th August, 2016.

(b) NOMINATION AND REMUNERATION COMMITTEE

As on 31st March, 2017, the Nomination and Remuneration Committee of the Board of Directors comprised of four members viz. Mr. Ramesh Iyer and Mr. K. Chandrasekar, Non-Executive Non-Independent Directors and Mr. Nityanath Ghanekar and Mrs. Anjali Raina, Independent Directors. The Committee met four times during the year under consideration on 15th April, 2016, 13th July, 2016, 13th January, 2017 and 2nd March, 2017. The Nomination and Remuneration Committee, inter alia, recommends the appointment and removal of Directors and carries out evaluation of performance of every Director in accordance with the framework adopted by the Board. The Committee is also empowered to look into the entire gamut of remuneration package for the working Director(s) and revise their remuneration, subject to limits approved by the Shareholders, and formulate and administer the Employee Stock Option Plan.

The attendance of the Members of Nomination and Remuneration Committee at its Meetings held during the Financial Year 2016-17 is given below:

Names of Members	Category	Nomination and Remuneration Committee Meetings	
		Held	Attended
Mr. Ramesh Iyer	Non-Executive Non-Independent Director	4	4
Mr. K. Chandrasekar	Non-Executive Non-Independent Director	4	2
Mr. Nityanath Ghanekar	Independent Director	4	3
Mrs. Anjali Raina	Independent Director	4	4

(c) ASSET LIABILITY COMMITTEE

The Asset Liability Committee (ALCO) of the Board of Directors comprises of Mr. Ramesh Iyer (Chairman of the Committee), Mr. K. Chandrasekar and Mr. V. Ravi, Non-Executive Non-Independent Directors. During the year under consideration, the ALCO Committee met twice, on 15th April, 2016 and 13th October, 2016. The Committee oversees the Asset Liability Management system of the Company.

The attendance of the Members of ALCO Committee at its Meetings held during the Financial Year 2016-17 is given below:

Names of Members	Category	ALCO Committee Meetings	
		Held	Attended
Mr. Ramesh Iyer (Chairman)	Non-Executive Non- Independent Director	2	2
Mr. V. Ravi	Non-Executive Non- Independent Director	2	2
Mr. K. Chandrasekar	Non-Executive Non- Independent Director	2	2

(d) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility (CSR) Committee has been constituted by the Board of Directors to formulate and recommend to the Board a CSR Policy indicating the activities to be undertaken by the Company in compliance with the provisions of the Companies Act, 2013 (the Act) and the Companies (Corporate Social Responsibility Policy) Rules, 2014. The CSR Committee, inter alia, allocates the amount of expenditure to be incurred by the Company on CSR activities as enumerated in Schedule VII to the Act and monitors the CSR Policy of the Company periodically. The CSR Policy of the Company is displayed on the website of the Company at the web-link: http://www.mahindrahomefinance.com/csr-policy.php

Mr. Ramesh Iyer, Chairman and Non-Executive Non-Independent Director is the Chairman of the Committee. Mr. K. Chandrasekar and Mr. V. Ravi, Non-Executive Non-Independent Directors, Mr. Anuj Mehra, Managing Director and Mrs. Anjali Raina, Independent Director are the other Members of the Committee. During the year under consideration, the CSR Committee met twice, on 15th April, 2016 and 14th October, 2016.

The attendance of the Members of CSR Committee at its Meetings held during the Financial Year 2016-17 is given below:

Names of Members	Category	CSR Committee Meetings	
		Held	Attended
Mr. Ramesh Iyer (Chairman)	Non-Executive Non-Independent Director	2	2
Mr. V. Ravi	Non-Executive Non-Independent Director	2	2
Mr. K. Chandrasekar	Non-Executive Non-Independent Director	2	2
Mrs. Anjali Raina	Independent Director	2	2
Mr. Anuj Mehra	Managing Director	2	2

During the year under consideration, your Company spent Rs. 178.09 Lakhs towards CSR activities pertaining to eradicating hunger and poverty and promoting education for the girl child and financial literacy amongst children and women.

Your Company is in compliance with the statutory requirements in this regard.

The Annual Report on the CSR activities undertaken by your Company in the Financial Year 2016-17 is appended as **Annexure I** to this Report.

(e) RISK MANAGEMENT COMMITTEE

During the year under consideration, a Risk Management Committee was formed by the Board of Directors pursuant to the provisions of Notification no. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated 9th February, 2017, vide which the National Housing Bank notified Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016.

As on 31st March, 2017, the Risk Management Committee comprised of four Non-Executive Directors, of which three are Independent Directors. The Committee comprises of Mr. Nityanath Ghanekar (Chairman), Mrs. Anjali Raina and Dr. Narendra Mairpady, all Independent Directors and Mr. V. Ravi, Non-Executive Non-Independent Director.

The Committee was formed by the Board of Directors at its Meeting held on 2nd March, 2017. No Meeting of the Committee was held during the year under consideration.

The terms of reference of the Committee are as follows:

a) The Risk Management Committee shall manage the integrated risk, inform the Board about the progress made in implementing a risk management system and review periodically the Risk Management Policy and strategy followed by the Company.

b) The Chief Financial Officer of the Company shall apprise the Risk Management Committee and the Board of the major risks as well as the movement in the profile of the high risk category, the root causes of risks and their impact, key performance indicators, risk management measures and the current controls being exercised to mitigate these risks.

c) The Risk Management Committee shall perform such other duties, as are required to be performed by the Committee, under the applicable laws, Guidelines and NHB Directions.

Besides the above Statutory Committees, the Board of Directors also has following Committees:

a) Loans & Investment Committee.

b) Committee of Directors for allotment of Debentures.

PERFORMANCE EVALUATION OF THE BOARD

Pursuant to the provisions of the Companies Act, 2013, the Board of Directors has carried out an annual evaluation of its own performance and that of its Committees as well as performance of Directors individually.

Well-defined and structured questionnaires were used in the evaluation process, covering various aspects of the Board's functioning such as adequacy of composition of the Board and its Committees, Board culture, areas of responsibility, execution and performance of specific duties, obligations, governance and compliance perspective. Evaluation was carried out based on feedback received from Directors.

A separate exercise was carried out by the Nomination and Remuneration Committee to evaluate performance of individual Directors. Performance evaluation of Independent Directors was carried out by the entire Board excluding the Director being evaluated. Performance evaluation of Non-Independent Directors and the Board, as a whole, was carried out by Independent Directors. Performance evaluation of the Chairman was carried out by Independent Directors, after taking into account views of Executive and Non-Executive Directors. Directors have expressed satisfaction with the evaluation process.

DECLARATIONS GIVEN BY INDEPENDENT DIRECTORS

The Company has received declarations from all Independent Directors confirming that they fulfil the criteria of independence as prescribed under sub-section (6) of section 149 of the Companies Act, 2013.

COMPANY'S POLICIES ON DIRECTORS' APPOINTMENT AND REMUNERATION

The Company has adopted following policies, as required under sub-section (3) of section 178 of the Companies Act, 2013:

(i) Policy to determine qualifications, positive attributes and independence of Directors and evaluation of the Board, Committees and individual Directors;

(ii) Policy on Remuneration of Directors; and

(iii) Remuneration Policy for Key Managerial Personnel (KMPs) and Employees.

The Nomination and Remuneration Committee while recommending appointment of Directors, considers desirable qualifications which may, amongst other things, include professional qualifications, skills, professional experience, background and knowledge, apart from the criteria of independence as prescribed under the Companies Act, 2013.

The Policy on Remuneration of Directors and Remuneration Policy for KMPs and Employees of the Company is appended as **Annexure II** to this Report in accordance with the provisions of sub-section (4) of section 178 of the Companies Act, 2013.

PARTICULARS OF REMUNERATION

Disclosures pursuant to section 197(12) of the Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are as under:

1 The ratio of the remuneration of each Director to the median remuneration of employees of the Company for the Financial Year 2016-17:

Name of the Director	Category	Ratio of the remuneration of each Director to median remuneration of employees
Mr. Ramesh Iyer (Chairman)	Non-Executive Non-Independent Director	NIL*
Mr. V. Ravi	Non-Executive Non-Independent Director	NIL*
Mr. K. Chandrasekar	Non-Executive Non-Independent Director	NIL*
Mr. Nityanath Ghanekar	Independent Director	5.43X
Mrs. Anjali Raina	Independent Director	6.21X
Dr. Narendra Mairpady	Independent Director	5.36X
Mr. K. Chakravarthy	Non-Executive Non-Independent Director (Nominee of National Housing Bank)	NIL*
Mr. Anuj Mehra	Managing Director	137.14X

* Mr. Ramesh Iyer, Mr. V. Ravi, Mr. K. Chandrasekar and Mr. K. Chakravarthy, do not receive any remuneration from the Company.

2 The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the Financial Year 2016-17:

Name of the Director/KMP	Category	Percentage increase in Remuneration
Mr. Ramesh Iyer (Chairman)	Non-Executive Non-Independent Director	NIL(1)
Mr. V. Ravi	Non-Executive Non-Independent Director	NIL(1)
Mr. K. Chandrasekar	Non-Executive Non-Independent Director	NIL(1)
Mr. Nityanath Ghanekar	Independent Director	(2.56)
Mrs. Anjali Raina	Independent Director	10.13
Dr. Narendra Mairpady	Independent Director	58.56
Mr. K. Chakravarthy	Non-Executive Non-Independent Director (Nominee of National Housing Bank)	NIL(1)

<table>
<tr><th>Name of the Director/KMP</th><th>Category</th><th>Percentage increase in Remuneration</th></tr>
<tr><td>Mr. Anuj Mehra</td><td>Managing Director</td><td>(1.84)</td></tr>
<tr><td>Mr. Dharmesh Vakharia</td><td>Chief Financial Officer</td><td>7.40</td></tr>
<tr><td>Mr. Navin Joshi[(2)]</td><td>Company Secretary & Compliance Officer</td><td rowspan="2">64.97[(3)]</td></tr>
<tr><td>Ms. Arnavaz M. Pardiwalla[(2)]</td><td>Company Secretary & Compliance Officer</td></tr>
</table>

(1) Mr. Ramesh Iyer, Mr. V. Ravi, Mr. K. Chandrasekar and Mr. K. Chakravarthy do not receive any remuneration from the Company.

(2) Ms. Arnavaz M. Pardiwalla resigned as the Company Secretary and Compliance Officer with effect from 14th July, 2016. Mr. Navin Joshi has been appointed as the Company Secretary & Compliance Officer with effect from 14th July, 2016.

(3) Secretarial function is covered under the cost sharing arrangement with the Holding Company.

3 **The percentage increase in the median remuneration of employees in the Financial Year:**

9.80 percent considering employees who were in employment for the whole of the Financial Year 2015-16 and 2016-17.

4 **The number of Permanent employees on the rolls of Company as on 31st March, 2017:**

As on 31st March, 2017, there were 6,238 permanent employees on the rolls of the Company.

5 **Average percentile increase already made in the salaries of employees other than the Managerial Personnel in the last Financial Year i.e. 2016-17 and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

For employees other than Managerial Personnel who were in employment for the whole of the Financial Year 2015-16 and 2016-17, the average increase is 9.92 percent. The managerial remuneration has decreased by 1.84 percent. The increase in the remuneration of non-managerial personnel is in accordance with the performance appraisal based on the Key Result Areas (KRAs) and the overall performance of the Company. The remuneration of the Key Managerial Personnel and Directors is based on the approved Remuneration Policy. There were no exceptional circumstances for increase in the managerial remuneration.

6 **Affirmation that the remuneration is as per the Remuneration Policy of the Company:**

The remuneration paid/payable is as per the Policy on Remuneration of Directors and Remuneration Policy for Key Managerial Personnel and Employees, adopted by the Company.

Mr. Anuj Mehra, Managing Director of the Company, does not receive any remuneration or commission from the Holding Company. However, the Managing Director has been granted stock options under the Employees' Stock Option Scheme of the Holding Company, Mahindra & Mahindra Financial Services Limited, and has exercised the stock options during the year under consideration, which were granted in earlier year(s).

Details of employee remuneration as required under provisions of section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are available at the Registered office of the Company during working hours, 21 days before the Annual General Meeting and shall be made available to any Shareholder on request. Such details are also available on your Company's website and can be accessed at the web-link: http://www.mahindrahomefinance.com/annual-reports.php.

None of the employees is a relative of any Director of the Company.

None of the employees holds, either by himself or along with his spouse or dependent children, more than two percent of the Equity Shares of the Company.

HUMAN RESOURCES AND TRAINING

Your Company took a number of initiatives to strengthen human resources during the year under consideration. In pursuance of the Company's commitment to develop and retain the best available talent, the Company has been sponsoring the employees for training programmes organized by reputed faculties and professional institutions for building capabilities thereby upgrading the skill and knowledge of the employees in different operational areas. Constant endeavours are being made to offer professional growth opportunities and recognitions to employees, apart from imparting required training.

The Company has also conducted various engagement surveys to understand the engagement levels across employees for devising various policies which has helped in boosting employee morale and engagement levels. The Company had 6,238 employees as at 31st March, 2017.

Your Company strongly believes in maintaining the dignity of all its employees irrespective of their gender or seniority. Discrimination and harassment of any type are strictly prohibited. The Company has taken necessary steps to enhance awareness amongst its employees in respect of provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules framed thereunder. The Company has in place the Internal Complaints Committee (ICC) to redress complaints regarding sexual harassment and an appropriate policy to prevent sexual harassment which covers all employees of the Company.

During the year under consideration, the Company has not received any complaint on sexual harassment.

CODES OF CONDUCT FOR CORPORATE GOVERNANCE

The Company has adopted Codes of Conduct for Corporate Governance ("the Codes") for its Directors and Senior Management and Employees. These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and, would always be, an integral part of the Company's ethos.

The Company has, for the year under consideration, received declarations under the Codes from the Board Members, Senior Management and Employees of the Company affirming compliance with the respective Codes.

AUDITORS

Statutory Auditors

Messrs. B. K. Khare & Co., Chartered Accountants, [ICAI Firm Registration No. 105102W] the retiring Auditors of the Company, complete their term as Statutory Auditors, as provided under the relevant provisions of the Companies Act, 2013, and Rules made thereunder, at the conclusion of the ensuing Annual General Meeting ("AGM") of the Company.

The Board has placed on record its sincere appreciation for the services rendered by Messrs. B. K. Khare & Co., as Statutory Auditors of the Company.

The Board of Directors, upon the recommendation of the Audit Committee, has approved and recommended to members, appointment of Messrs B S R & Co. LLP [ICAI Firm Registration No. 101248W/W-100022] as Statutory Auditors for a period of five years i.e. from the conclusion of the forthcoming Annual General Meeting until the conclusion of the Annual General Meeting of the Company to be held in the year 2022.

As required under the provisions of section 139(1) of the Companies Act, 2013, the Company has received a written consent from B S R & Co. LLP to their appointment and a Certificate, to the effect that their appointment, if made, would be in accordance with the Companies Act, 2013 and the Rules framed thereunder and that they satisfy the criteria provided in section 141 of the Companies Act, 2013 read with Rule 4(1) of the Companies (Audit and Auditors) Rules, 2014.

The Auditor's Report is unmodified and does not contain any qualification, reservation or adverse remark.

Secretarial Auditor

Messrs. KSR & Co Company Secretaries LLP are the Secretarial Auditors of the Company and conduct the Secretarial Audit of the Company, pursuant to the provisions of section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. In accordance with the provisions of sub-section (1) of Section 204, the Secretarial Audit Report for the Financial Year 2016-17 furnished by the Secretarial Auditor is appended to this Report as **Annexure III**.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

During the year under consideration, the Statutory Auditors and Secretarial Auditor have not reported to the Audit Committee, any instances of frauds committed in the Company by its Officers or Employees, under section 143(12) of the Companies Act, 2013, details of which needs to be mentioned in this Report.

ACCOUNTING STANDARDS FOLLOWED BY THE COMPANY

The Financial Statements of the Company have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP) and comply with the Accounting Standards specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Act and the Guidelines issued by National Housing Bank.

EXTRACT OF THE ANNUAL RETURN

Pursuant to sub-section 3(a) of section 134 and sub-section (3) of section 92 of the Companies Act, 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as at 31st March, 2017 is appended to this Report as **Annexure IV**.

VIGIL MECHANISM

The Company promotes ethical behaviour in all its business activities and has established a Vigil Mechanism for Directors and Employees to report their genuine concerns.

As per the Whistle Blower Policy of the Company, Employees are free to report illegal or unethical behaviour, actual or suspected fraud or violation of the Company's Codes of Conduct or Corporate Governance Policies or any improper activity, to the Chairman of the Audit Committee of the Board of Directors or Chairman of the Company or the Corporate Governance Cell.

Under the Whistle Blower Policy, confidentiality of those reporting violation(s) is protected and they are not subjected to any discriminatory practices. No personnel have been denied access to the Audit Committee.

The Whistle Blower Policy of the Company is available on the website of the Company at the Web-link: http://www.mahindrahomefinance.com/whistle-blower-policy.php

INTERNAL CONTROL SYSTEM

Your Company has in place an adequate internal control system to safeguard all assets and ensure operational excellence. It also has a team of Internal Auditors to conduct internal audit. Independent audit firms ensure that all transactions are correctly authorised and reported. The Internal Audit reports are discussed with the Management and reviewed by the Audit Committee of the Board of Directors. The Audit Committee also reviews the adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations. Wherever deemed necessary, internal control systems are strengthened and corrective actions initiated.

INTERNAL FINANCIAL CONTROL SYSTEM

Your Company has in place, adequate internal financial controls with reference to financial statements, commensurate with the size, scale and nature of its operations.

During the year under consideration, such controls were tested and no reportable material weaknesses in the design or operation were observed.

RISK MANAGEMENT

Risk Management is an integral part of the Company's business strategy. The Company has adopted a Risk Management Policy and has a well-defined risk management framework in place. Your Company has established procedures to periodically place before the Board risk assessment and minimisation procedures being followed by the Company and steps taken by it to mitigate risks. The risk management process is governed by an enterprise wide risk management framework.

Your Company has in place a Risk Management Committee comprising of the Managing Director and Senior Executives of the Company to manage the integrated risk and inform the Audit Committee from time to time the progress made in putting in place a progressive risk management system followed by the Company.

During the year under consideration, a Risk Management Committee of the Board has also been constituted pursuant to NHB regulations.

The key business risks identified by the Company and its mitigation plans are as under:

1. **Credit Risk**: Credit Risk is inherent to any lending business and the Company also faces this risk. To mitigate this, the Company has put in place stringent lending norms, has developed metrics to evaluate customer's income and insists on a thorough field investigation to check the viability of lending to a customer.

2. **People Risk**: The Company's business model is highly people centric and the Company's employees are its biggest strength. Retention of employees is hence a key focus area. Extensive training, team building and employee engagement initiatives have been adopted to mitigate this risk. The Company follows a policy of hiring locally. This ensures employees appreciate local conditions which in turn ensures superior productivity while taking credit decisions and also while servicing customers.

3. **Environmental Risk**: Cash flows of a large number of the Company's customers depend on agriculture. Environmental factors affecting crops (yields and/or prices) impact the customer's ability to repay. The Company mitigates this risk through a policy of geographical hedging. The Company engages with its customers through regular follow-up and close monitoring.

DIRECTORS' RESPONSIBILITY STATEMENT

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

i. In the preparation of the annual accounts for Financial Year ended 31st March, 2017, applicable accounting standards have been followed and there are no material departures in adoption of these standards.

ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 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 in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv. The Directors have prepared the annual accounts for the Financial Year ended 31st March, 2017, on a 'going concern' basis.

v. The Directors have laid down Internal Financial Controls to be followed by the Company and that such Internal Financial Controls are adequate and have been operating effectively.

vi. The Directors have devised proper systems to ensure compliance with provisions of all applicable laws and that such systems were adequate and operating effectively.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS IN SECURITIES

Sub-section (4) of Section 186 of the Companies Act, 2013 stipulates that companies shall disclose in the financial statements, full particulars of loans made and guarantees given or securities provided and the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient of the loan or guarantee or security. However, sub-section (11) of the said section 186 exempts Housing Finance Companies from making such disclosure in the financial statements for the loans granted and/or guarantees /securities provided by such Housing Finance companies in the ordinary course of business. No investments were made by the Company during the year under consideration.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All contracts/arrangements/transactions entered into by the Company with Related Parties during the Financial Year 2016-17 were in the ordinary course of business and on an arm's length basis. Pursuant to section 134(3)(h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, there are no transactions to be reported under section 188(1) of the Companies Act, 2013. None of the Non-Executive Directors has any pecuniary relationships or transactions vis-à-vis the Company.

The Policy on Related Party Transactions, as approved by the Audit Committee and the Board of Directors of the Company, is appended to this Report as **Annexure VI**. The same is also uploaded on the website of the Company and can be accessed at the following web link:

http://www.mahindrahomefinance.com/pdf/MRHFL_Related_Party_Transactions_%20Policy.pdf

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are provided in **Annexure V**, appended to this Report.

SUBSIDIARIES

The Company did not have any subsidiary as on 31st March, 2017 or during the Financial Year ended on that date.

CHANGE IN THE NATURE OF BUSINESS

There was no change in the nature of business carried on by the Company during the year under consideration.

PUBLIC DEPOSITS AND LOANS/ADVANCES

The Company has not accepted deposits from the public or its employees during the year under consideration. There were no unclaimed Deposits or interest thereon or unpaid dividend due for transfer to Investor Education and Protection Fund, during the year under consideration.

The Company has not made any loans/advances in the nature of loans which are otherwise required to be disclosed in the Annual Accounts of the Company pursuant to Regulation 53 (f) read with paragraph A of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There were no significant and material orders passed by the Regulators/Courts/Tribunals which would impact the going concern status and Company's operations in future.

GENERAL INFORMATION

The half yearly Financial Results of the Company are furnished to the Stock Exchange in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are published in the Free Press Journal/Business Standard in English and also communicated to the Debenture holders every six months through a half yearly communiqué. Official news releases, including the half-yearly results, are also disseminated on the Company's website.

As prescribed under Regulation 53(e) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the details of the Debenture Trustees are given below :

Axis Trustee Services Limited
Axis House, 2nd Floor,
Wadia International Centre,
Pandurang Budhkar Marg, Worli,
Mumbai – 400 025.
Telephone : (022) 2425 5215/16
Fax : (022) 2425 4200
E-mail : debenturetrustee@axistrustee.com

ACKNOWLEDGEMENTS

Your Directors take this opportunity to place on record their sincere appreciation for the support received from National Housing Bank, Company's customers, Bankers, Investors and Shareholders during the year under consideration. Your Directors also acknowledge the hard work, dedication and commitment of employees.

For and on behalf of the Board

Ramesh Iyer
Chairman

Registered Office:
Mahindra Towers,
P. K. Kurne Chowk, Worli,
Mumbai – 400 018.
CIN: U65922MH2007PLC169791
Tel.: 91 22 6652 3500; Fax: 91 22 2497 2741
E-mail: customercare.mrhfl@mahfin.com
Website: www.mahindrahomefinance.com

17th April, 2017

ANNEXURE I TO THE BOARD'S REPORT

Annual Report on Corporate Social Responsibility Activities as prescribed under Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014

1. **A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:**

   With a vision of transforming the lives of youth from socially weaker and economically disadvantaged sections of society, the Mahindra Group is committed to 'building possibilities' to enable them to 'RISE' above their limiting circumstances. Your Company believes in the transformation of Indian villages into socially stimulating, self-sustaining, growth-oriented communities for a good quality life. To achieve this transformation, it is necessary to empower these communities in all possible aspects for a bright future. Empowering them is the key not only to the well-being of individuals, families and rural communities, but also to overall economic productivity of the Country.

   The Company has duly constituted a CSR Committee in accordance with section 135 of the Companies Act, 2013 to assist the Board and the Company in fulfilling the corporate social responsibility objectives of the Company.

   As a part of its commitment to Corporate Social Responsibility, during the year under consideration, your Company has implemented projects for victims of Tamil Nadu Flood, Financial literacy amongst students and community. The Company also continued its support to Nanhi Kali, the flagship programme of the K.C. Mahindra Education Trust (KCMET), which supports the education of the disadvantaged girl child.

   The detailed CSR Policy is hosted on the Company's website at the following link:
   http://www.mahindrahomefinance.com/csr-policy.php

2. **The Composition of the CSR Committee:** Mr. Ramesh Iyer (Chairman), Mr. K. Chandrasekar, Mr. V. Ravi, Mr. Anuj Mehra and Mrs. Anjali Raina.

3. **Average net profit of the Company for last three financial years:** Rs. 8,827.43 Lakhs

4. **Prescribed CSR Expenditure (two percent of the amount at item 3 above):** Rs. 176.55 Lakhs

5. **Details of CSR amount spent during the Financial Year 2016-17**

   (a) **Total amount spent during the Financial Year:** Rs. 178.09 Lakhs

   (b) **Amount unspent, if any:** NIL

   (c) **Manner in which the amount spent during the Financial Year:** As detailed below.

Amount in Rs. Lakhs

1	2	3	4	5	6	7	8
Sr. No.	**CSR Project or Activity identified**	**Sector in which the Project is covered (Notes)**	**Projects or programs (1) Local Area or other (2) Specify the state or district where projects or programs were undertaken**	**Amount outlay (Budget) projects or programs wise**	**Amount spent on the project or programs (1) Direct & (2) Overhead**	**Cumulative expenditure upto the reporting period**	**Amount spent: Directly or Through Implementing Agency**
1	Supporting the PM's Clean India Campaign by building toilets & creating awareness about Sanitation & Cleanliness	(i)	Aurangabad (Maharashtra)	21.41	22.95	22.95	Habitat for Humanity
2	Supporting education of underprivileged girls through project 'Nanhi Kali'	(ii)	Nasik (Maharashtra), Ratlam (Madhya Pradesh), Varanasi (Uttar Pradesh)	100.19	100.19	100.19	K.C. Mahindra Education Trust
3	Sensitizing community on cashless methods of transaction	(ii)	Maharashtra, Gujarat, Rajasthan, Madhya Pradesh, Tamil Nadu, Chhattisgarh, Andhra Pradesh	25.00	25.00	25.00	Mahindra Foundation

Amount in Rs. Lakhs

1	2	3	4	5	6	7	8
Sr. No.	**CSR Project or Activity identified**	**Sector in which the Project is covered (Notes)**	**Projects or programs (1) Local Area or other (2) Specify the state or district where projects or programs were undertaken**	**Amount outlay (Budget) projects or programs wise**	**Amount spent on the project or programs (1) Direct & (2) Overhead**	**Cumulative expenditure upto the reporting period**	**Amount spent: Directly or Through Implementing Agency**
4	Donating a school bus to provide convenience to female students to reach college campus from remote areas	(ii)	Palanpur (Gujarat)	12.95	12.95	12.95	Banaskantha District Kelavani Mandal
5	Education Support to Schools & underprivileged students	(ii)	Mumbai (Maharashtra)	1.00	1.00	1.00	Shree Harihar Putra Bhajan Samaj
6	Providing financial support for protection of national heritage	(iii)	Amritsar (Punjab)	1.00	1.00	1.00	The Team Work Fine Arts Society
7	Providing waterwheels to address the issue of safe water availability	(iv)	Latur District (Maharashtra)	15.00	15.00	15.00	Habitat for Humanity

Notes:

(i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.

(ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects.

(iii) Protection of national heritage, art & culture.

(iv) Rural development projects.

6. **In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report :** N.A.

7. **The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.**

For Mahindra Rural Housing Finance Limited

For and on behalf of the Corporate Social Responsibility Committee of Mahindra Rural Housing Finance Limited

Anuj Mehra
Managing Director

Ramesh Iyer
Chairman of the
Corporate Social Responsibility Committee

ANNEXURE II TO THE BOARD'S REPORT
POLICY ON REMUNERATION OF DIRECTORS

Prelude

The Company is a housing finance company registered with the National Housing Bank, and is engaged in providing Home Loans primarily in rural and semi-urban areas for construction or purchase of a new property or for repairs, modernization or extension of an existing home.

This Policy shall be effective from the financial year 2014 - 15.

Intent of the Policy

The intent of the Remuneration Policy of Directors of Mahindra Rural Housing Finance Limited ("the Company") is to focus on enhancing the value and to attract and retain quality individuals with requisite knowledge and excellence as Executive and Non-Executive Directors for achieving objectives of the Company and to place the Company in a leading position.

The Nomination and Remuneration Committee (NRC) of the Board shall, while formulating the policy ensure that —

a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully;

b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

c) remuneration to Directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

While deciding the policy on remuneration of Directors, the Committee may consider amongst other things, the duties and responsibilities cast by the Companies Act, 2013, various Codes of Conduct, Articles of Association, restrictions on the remuneration to Directors as also the remuneration drawn by Directors of other companies in the industry, the valuable contributions and inputs from Directors based on their knowledge, experience and expertise in shaping the destiny of the Company etc. The Policy is guided by a reward framework and set of principles and objectives as more fully and particularly envisaged under Section 178 of the Companies Act, 2013 and principles pertaining to qualifications, positive attributes, integrity and independence of Directors etc.

Directors

The Managing Director is an executive of the Company and draws remuneration from the Company. The Non-Executive Chairman and Independent Directors may receive sitting fees for attending the meeting of the Board and the Committees thereof, if fixed by the Board of Directors from time to time subject to statutory provisions. The Non-Executive Chairman and Independent Directors would be entitled to the remuneration under the Companies Act, 2013. A Non-Executive Non-Independent Director who receives remuneration from the Holding Company or a Group Company will not paid any sitting fees or any remuneration. In addition to the above, the Directors are entitled for reimbursement of expenses incurred in discharge of their duties. Payment of Remuneration to Nominee Directors shall be governed by the agreement with the Financial Institution/Bank appointing the Nominee Director and by the Articles of Association of the Company.

The Managing Director and other eligible Director(s) as per extant statutory provisions may be granted Employees Stock Options, Stock Appreciation Rights or any other Share based Employee benefits pursuant to any scheme that may be approved by the Board of Directors and shareholders of the Company subject to such other approvals as may be required.

Non-Executive Directors may be paid remuneration either by way of monthly payment or at a specified percentage of net profits of the Company or partly by one way and partly by another, subject to the provisions of the Companies Act, 2013.

The NRC while determining the remuneration shall ensure the level and composition of remuneration to be reasonable and sufficient to attract, retain and motivate the person to ensure the quality required to run the Company successfully. While considering the remuneration, the NRC shall also ensure a balance between fixed and performance-linked variable pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

The NRC shall consider that a successful Remuneration Policy must ensure that some part of the remuneration is linked to the achievement of corporate performance targets.

Managing Director/Executive Directors

The term of office and remuneration of Managing Director/Executive Directors are subject to the approval of the Board of Directors, shareholders, and Central Government, as may be required and the limits laid down under the Companies Act, 2013, from time to time.

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay, subject to the requisite approvals, remuneration to its Managing Director/Executive Directors in accordance with the provisions of Schedule V of the Companies Act, 2013.

If any Managing Director/Executive Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

Remuneration of the Managing Director/Executive Directors reflects the overall remuneration philosophy and guiding principle of the Company. While considering the appointment and remuneration of Managing Director/Executive Directors, the NRC shall consider the industry benchmarks, merit and seniority of the person and shall ensure that the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterpart(s) in other companies.

Remuneration for Managing Director/Executive Director is designed subject to the limits laid down under the Companies Act, 2013 to remunerate them fairly and responsibly. The remuneration to the Managing Director/Executive Director comprises of salary, perquisites and performance based incentive apart from retirement benefits like Provident Fund, Superannuation, Gratuity, Leave Encashment etc., as per the Rules of the Company. Salary is paid within the range approved by the Shareholders. Increments are effective annually, as recommended/approved by the NRC/Board. In terms of the shareholders' approval, the Commission may be paid to Managing Director in any Financial Year at a rate not exceeding 1/4% (one fourth percent) per annum of the profits of the Company computed in accordance with the applicable provisions of the Companies Act, 2013 as may be recommended by the NRC and approved by the Board.

The total remuneration will have a flexible component with a bouquet of allowances to enable the Managing Director/ Executive Director to choose the allowances as well as the quantum based on laid down limits as per the Company policy. The flexible component can be varied only once annually.

The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRA). Both the BSC and KRAs are evaluated at the end of the fiscal year to arrive at the BSC rating of the business and performance rating of the individual.

Remuneration also aims to motivate the Personnel to deliver Company's key business strategies, create a strong performance-oriented environment and reward achievement of meaningful targets over the short and long-term.

The Managing Director/Executive Directors are entitled to customary non-monetary benefits such as company cars, health care benefits, leave travel, communication facilities etc., as per the policies of the Company. The Managing Director and Executive Directors are entitled to grant of Stock Options as per the approved Stock Options Schemes of the Company from time to time.

Disclosures

Information on the total remuneration of members of the Company's Board of Directors, Managing Director/Executive Directors and Key Managerial Personnel/Senior Management Personnel may be disclosed in the Board's Report as per statutory requirements laid down in this regard.

REMUNERATION POLICY FOR KEY MANAGERIAL PERSONNEL AND EMPLOYEES

This Policy shall be effective from the financial year 2014 - 15.

Objective

To establish guidelines for remunerating employees fairly and in keeping with Statutes.

Definition(s)

"Key Managerial Personnel" (KMP) as defined in section 2(51) of the Companies Act, 2013 means:

(i) the Chief Executive Officer or the Managing Director or Manager;

(ii) the Company Secretary;

(iii) the Whole-time Director;

(iv) the Chief Financial Officer; and

(v) such other officer as may be prescribed.

Standard

The broad structure of compensation payable to employees is as under:

- Fixed pay which has components like basic salary & other allowances/flexi pay as per the grade where the employees can choose allowances from bouquet of options.
- Variable pay (to certain grades) in the form of annual/half yearly performance pay based on Key Result Areas agreed – as applicable.
- Incentives, either monthly or quarterly, based on targets in the lower grades.
- Retirals such as Provident Fund, Gratuity & Superannuation (for certain grades).
- Benefits such as Employee Stock Option Scheme, car scheme, medical & dental benefit, loans, insurance etc. as per grades.

Increments

Salary increase is given to eligible employees based on position, performance & market dynamics as decided from time to time.

For and on behalf of the Board

Ramesh Iyer
Chairman

Mumbai, 17th April, 2017

ANNEXURE III TO THE BOARD'S REPORT

SECRETARIAL AUDIT REPORT

[Pursuant to Section 204(1) of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

For the Financial Year ended 31st March, 2017

To,

The Members,
Mahindra Rural Housing Finance Limited,
Mahindra Towers, P.K. Kurne Chowk, Worli,
Mumbai- 400 018.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Mahindra Rural Housing Finance Limited** (hereinafter called "the Company"). Secretarial Audit was conducted for the financial year ended on 31st March, 2017 in a manner that provided us reasonable basis for evaluating the corporate conduct/statutory compliances and expressing our opinion thereon.

On the basis of the above and on our verification of documents, books, papers, minutes, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of the Audit, We hereby report that in our opinion, the Company has, during the period covered under the Audit as aforesaid, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2017 according to the provisions of:

(i) The Companies Act, 2013 and the Rules made there under.

(ii) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.

(iii) The Depositories Act, 1996 and the Regulations and Bye-Laws framed there under.

(iv) The Securities Contracts (Regulation) Act, 1956 and the Rules made there under.

(v) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding Companies Act and dealing with client.

(vi) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (to the extent applicable to debt listed Securities).

(vii) The National Housing Bank Act, 1987.

(viii) The Housing Finance Companies (NHB) Directions, 2010.

(ix) The Housing Finance Companies Issuance of Non-Convertible Debentures on Private Placement basis (NHB) Directions, 2014.

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

(i) the Secretarial Standards 1 & 2 issued by The Institute of Company Secretaries of India.

(ii) Listing Agreement for debt securities entered into with BSE Limited in respect of privately placed non-convertible debentures issued by the Company.

Based on the information and explanation provided, the Company had no transactions during the period covered under the Audit requiring the compliance of the provisions of:

a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

b) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.

We further report that

The Board of Directors of the Company is duly constituted with the proper balance of Executive Director, Non-Executive Directors and Independent Directors. There was no change in the composition of the Board of Directors during the period covered under the Audit.

Adequate notice and detailed notes on Agenda were given to all Directors at least seven days in advance to schedule the Board Meetings. There exists a system for seeking and obtaining further information and clarifications on the Agenda items before the Meeting and for meaningful participation at the Meeting.

Majority decision is carried through and recorded as part of the minutes. We understand that there were no dissenting members' views requiring to be captured in the minutes.

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

We further report that during the period covered under the Audit, the Company has made the following specific actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, referred to above:

a) During the year under review, the Company has raised an amount of Rs. 122.00 crores by issue of 1220 Unsecured Subordinated Redeemable Non-Convertible Debentures (NCDs) of Rs. 10,00,000 each for cash at par on a Private Placement basis. The Company has also raised an amount of Rs. 463.50 crores by issue of 4635 Secured Subordinated Redeemable Non-Convertible Debentures (NCDs) of Rs. 10,00,000 each for cash at par on a Private Placement basis, including zero coupon bond.

b) During the year the Company has issued and allotted 1,94,02,985 Equity Shares of Rs. 10 each for cash at a premium of Rs. 57 per Equity Share on a rights basis, aggregating to Rs. 129,99,99,995 /-.

For KSR & Co Company Secretaries LLP

C. V. Madhusudhanan
Partner

Date: 7th April, 2017 FCS: 5367
Place: Coimbatore CP: 4408

KSR/CBE/M179/024/2017-18

To

The Members,
Mahindra Rural Housing Finance Limited,
Mahindra Towers, P.K. Kurne Chowk, Worli,
Mumbai- 400 018.

Our Secretarial Audit Report of even date is to be read along with this letter.

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

For KSR & Co Company Secretaries LLP

C. V. Madhusudhanan
Partner

Date: 7th April, 2017 FCS: 5367
Place: Coimbatore CP: 4408

ANNEXURE IV 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) and Rule 12(1) of the
Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i.	CIN	U65922MH2007PLC169791
ii.	Registration Date	9th April, 2007
iii.	Name of the Company	Mahindra Rural Housing Finance Limited
iv.	Category/Sub-Category of the Company	Public Limited Company
v.	Address of the Registered office and contact details	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018. Tel.: +91 22 6652 3500 Fax: +91 22 2497 2741 Email: customercare.mrhfl@mahfin.com Website: www.mahindrahomefinance.com
vi.	Whether listed company Yes/No	Yes. As per Section 2 (52) of the Companies Act, 2013, the Company is considered as a listed Company as its Non-Convertible Debentures (NCDs) are listed on the BSE Limited.
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited Unit : Mahindra Rural Housing Finance Limited Karvy Selenium Tower B, Plot No 31 & 32 Gachibowli, Financial District, Nanakramguda, Serilingampally Hyderabad – 500 032. Email: einward.ris@karvy.com Tel. No.: 040 67162222 Toll Free No.: 1800-345-4001 Fax No.: 040 23001153.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Sl. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the Company
1.	Housing Finance	65923	100.0

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
i.	Mahindra & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai – 400 001.	L65990MH1945PLC004558	Ultimate Holding Company	87.50*	2(46)
ii.	Mahindra & Mahindra Financial Services Limited Gateway Building, Apollo Bunder, Mumbai – 400 001.	L65921MH1991PLC059642	Holding Company	87.50	2(46)

* There is no direct shareholding in the Company by Mahindra & Mahindra Limited, the Ultimate Holding Company. Shares are held through Mahindra & Mahindra Financial Services Limited, subsidiary of Mahindra & Mahindra Limited.

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

i) Category-wise Share Holding

Category of shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt.(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	5,75,19,991	87,43,052	6,62,63,043	87.50	8,32,40,643	12	8,32,40,655	87.50	0.00
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any other	–	–	–	–	–	–	–	–	–
Sub-total (A)(1)	**5,75,19,991**	**87,43,052**	**6,62,63,043**	**87.50**	**8,32,40,643**	**12**	**8,32,40,655**	**87.50**	**0.00**
(2) Foreign									
a) NRIs-Individuals	–	–	–	–	–	–	–	–	–
b) Other-Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any other	–	–	–	–	–	–	–	–	–
Sub-total (A)(2)	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	**5,75,19,991**	**87,43,052**	**6,62,63,043**	**87.50**	**8,32,40,643**	**12**	**8,32,40,655**	**87.50**	**0.00**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	82,17,134	12,49,004	94,66,138	12.50	1,18,91,511	–	1,18,91,511	12.50	0.00
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt.(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others - Qualified Foreign Investor	–	–	–	–	–	–	–	–	–
Sub-total (B)(1)	**82,17,134**	**12,49,004**	**94,66,138**	**12.50**	**1,18,91,511**	–	**1,18,91,511**	**12.50**	**0.00**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 Lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2)	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+(B)(2)	**82,17,134**	**12,49,004**	**94,66,138**	**12.50**	**1,18,91,511**	–	**1,18,91,511**	**12.50**	**0.00**
C. Shares held by custodian for GDRs & ADRs									
Grand Total (A+B+C)	**6,57,37,125**	**99,92,056**	**7,57,29,181**	**100.00**	**9,51,32,154**	**12**	**9,51,32,166**	**100.00**	**0.00**

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares pledged/encumbered to total shares	
1.	Mahindra & Mahindra Financial Services Limited	6,62,63,031	87.50	Nil	8,32,40,643	87.50	Nil	0.00
2.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Ramesh Iyer	2	0.00	Nil	2	0.00	Nil	0.00
3.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Venkatraman Ravi	2	0.00	Nil	2	0.00	Nil	0.00
4.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Ravi Kulkarni	2	0.00	Nil	2	0.00	Nil	0.00
5.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Anuj Mehra	2	0.00	Nil	2	0.00	Nil	0.00
6.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Rajesh Vasudevan	2	0.00	Nil	2	0.00	Nil	0.00
7.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Dinesh Prajapati	2	0.00	Nil	2	0.00	Nil	0.00
	TOTAL	**6,62,63,043**	**87.50**	**Nil**	**8,32,40,655**	**87.50**	**Nil**	**0.00**

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

Particulars	Shareholding at the beginning of the year (As on 1st April, 2016)		Cumulative Shareholding during the year (from 1st April, 2016 to 31st March, 2017)	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
Mahindra & Mahindra Financial Services Limited alongwith joint holders				
At the beginning of the year	6,62,63,043	87.50	6,62,63,043	87.50
Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	On 16th March 2017, 1,69,77,612 Equity Shares of Rs. 10 each at a premium of Rs. 57 per Equity Share were allotted on a Rights basis to Mahindra & Mahindra Financial Services Limited. Increase in shareholding of Promoters is on account of allotment of Equity Shares on a Rights basis, as mentioned above.			
At the end of the year (as on 31st March, 2017)	8,32,40,655	87.50	8,32,40,655	87.50

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

For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (as on 1st April, 2016)		Cumulative Shareholding during the year (from 1st April, 2016 to 31st March, 2017)	
	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
National Housing Bank				
At the beginning of the year (as on 1st April, 2016)	94,66,138	12.50	94,66,138	12.50
Date wise increase/decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	On 16th March, 2017, 24,25,373 Equity Shares of Rs. 10 each at a premium of Rs. 57 per Equity Share were allotted on a Rights basis to National Housing Bank. Increase in shareholding of National Housing Bank is on account of allotment of Equity Shares on a Rights basis, as mentioned above.			
At the end of the year (as on 31st March, 2017)	1,18,91,511	12.50	1,18, 91,511	12.50

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each of the directors and KMP	Shareholding at the beginning of the year (As on 1st April, 2016)		Cumulative Shareholding during the year (from 1st April, 2016 to 31st March, 2017)	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	Mr. Ramesh Iyer - Chairman (jointly with Mahindra & Mahindra Financial Services Limited)				
	At the beginning of the year (as on 1st April, 2016)	2	0.00	2	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	No change			
	At the end of the year (as on 31st March, 2017)	2	0.00	2	0.00
2.	Mr. V. Ravi - Director (jointly with Mahindra & Mahindra Financial Services Limited)				
	At the beginning of the year(as on 1st April, 2016)	2	0.00	2	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	No change			
	At the end of the year (as on 31st March, 2017)	2	0.00	2	0.00
3.	Mr. K. Chandrasekar – Director				
	At the beginning of the year(as on 1st April, 2016)	Nil	0.00	Nil	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	No change			
	At the end of the year (as on 31st March, 2017)	Nil	0.00	Nil	0.00
4.	Mr. K. Chakravarthy – Director (Nominee of National Housing Bank)				
	At the beginning of the year(as on 1st April, 2016)	Nil	0.00	Nil	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	No change			
	At the end of the year (as on 31st March, 2017)	Nil	0.00	Nil	0.00
5.	Mr. Nityanath Ghanekar – Director				
	At the beginning of the year(as on 1st April, 2016)	Nil	0.00	Nil	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	No change			
	At the end of the year (as on 31st March, 2017)	Nil	0.00	Nil	0.00
6.	Mrs. Anjali Raina – Director				
	At the beginning of the year(as on 1st April, 2016)	Nil	0.00	Nil	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	No change			

Sl. No.	For each of the directors and KMP	Shareholding at the beginning of the year (As on 1st April, 2016)		Cumulative Shareholding during the year (from 1st April, 2016 to 31st March, 2017)	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the end of the year (as on 31st March, 2017)	Nil	0.00	Nil	0.00
7.	Mr. Anuj Mehra – Managing Director, Key Managerial Personnel (jointly with Mahindra & Mahindra Financial Services Limited)				
	At the beginning of the year(as on 1st April, 2016)	2	0.00	2	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	No change			
	At the end of the year (as on 31st March, 2017)	2	0.00	2	0.00
8.	Dr. Narendra Mairpady – Director				
	At the beginning of the year(as on 1st April, 2016)	Nil	0.00	Nil	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	No change			
	At the end of the year (as on 31st March, 2017)	Nil	0.00	Nil	0.00
9.	Mr. Dharmesh Vakharia – Chief Financial Officer, Key Managerial Personnel				
	At the beginning of the year(as on 1st April, 2016)	Nil	0.00	Nil	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	No change			
	At the end of the year (as on 31st March, 2017)	Nil	0.00	Nil	0.00
10.	Mr. Navin Joshi– Company Secretary, Key Managerial Personnel (Appointed as the Company Secretary with effect from 14th July, 2016)				
	At the beginning of the year(as on 1st April, 2016)	Nil	0.00	Nil	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	No change			
	At the end of the year (as on 31st March, 2017)	Nil	0.00	Nil	0.00
11.	Ms. Arnavaz M. Pardiwalla – Company Secretary, Key Managerial Personnel (Ceased to be the Company Secretary with effect from 14th July, 2016)				
	At the beginning of the year(as on 1st April, 2016)	Nil	0.00	Nil	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	No change			
	At the end of the year (as on 31st March, 2017)	Nil	0.00	Nil	0.00

V. INDEBTEDNESS –

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

Amount in Rs. Lakhs

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial Year				
i) Principal Amount	2,31,056.01	35,611.50	NIL	2,66,667.51
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	923.45	1,053.55	NIL	1,977.00
Total (i+ii+iii)	**2,31,979.46**	**36,665.05**	**NIL**	**2,68,644.51**

Amount in Rs. Lakhs

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Change in Indebtedness during the Financial Year				
Addition	5,24,002.63	2,31,364.41	NIL	7,55,367.04
Reduction	4,32,331.59	2,06,965.05	NIL	6,39,296.64
Net Change	**91,671.04**	**24,399.36**	**NIL**	**1,16,070.40**
Indebtedness at the end of the Financial Year				
i) Principal Amount	321,705.76	59,450.00	NIL	381,155.76
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	1,944.74	1,614.41	NIL	3,559.15
Total (i+ii+iii)	**3,23,650.50**	**61,064.41**	**NIL**	**3,84,714.91**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Amount in Rs. Lakhs

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager
		Mr. Anuj Mehra, Managing Director
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	143.14
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	48.70*
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	Nil
2.	Stock Option	Nil
3.	Sweat Equity	Nil
4.	Commission – as % of profit	Nil
	– others	Nil
5.	Others (medical reimbursement)	0.15
	Total (A)	**191.99**
	Ceiling as per the Act	5% of the Net Profits equivalent to Rs. 949.53 Lakhs with respect to the ceiling for the Company applicable for the financial year covered by this Report.

* Includes perquisite value of Stock options granted by Mahindra & Mahindra Financial Services Limited (Holding Company).

B. REMUNERATION TO OTHER DIRECTORS:

Amount in Rs. Lakhs

Sl. No.	Particulars of Remuneration		Names of Directors			Total Amount
1.	**Independent Directors**		**Mr. Nityanath Ghanekar**	**Mrs. Anjali Raina**	**Dr. Narendra Mairpady**	
	Fee for attending Board/Committee Meetings		2.60	3.70	2.50	8.80
	Commission		5.00	5.00	5.00	15.00
	Other		NIL	NIL	NIL	NIL
	Total (1)		**7.60**	**8.70**	**7.50**	**23.80**
2.	**Other Non-Executive Directors**	**Mr. Ramesh Iyer**	**Mr. K. Chandrasekar**	**Mr. K. Chakravarthy**	**Mr. V. Ravi**	**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**	**7.60**	**8.70**	**7.50**	**23.80**
	Overall Ceiling as per the Act (%)	1% of the Net Profits equivalent to Rs. 189.91 Lakhs with respect to the ceiling for the Company applicable for the financial year covered by this Report.				
	Total Managerial Remuneration (A+B)					**215.79**

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD:

Amount in Rs. Lakhs

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Chief Financial Officer (Mr. Dharmesh Vakharia)	**Company Secretary**	**Total Amount**
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	72.66	9.75	82.41
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	12.72(1)	NIL	12.72(1)
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	NIL	NIL	NIL
2.	Stock Option	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL
4.	Commission – as % of profit	NIL	NIL	NIL
	– others	NIL	NIL	NIL
5.	Others (medical reimbursement)	0.15	NIL	0.15
	Total	**85.53**	**9.75(2)**	**95.28**

(1) Includes perquisite value of Stock options granted by Mahindra & Mahindra Financial Services Limited (Holding Company).

(2) Secretarial function covered under cost sharing agreement with Mahindra & Mahindra Financial Services Limited (Holding Company).

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					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment			None		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

For and on behalf of the Board

Ramesh Iyer
Chairman

Mumbai, 17th April, 2017

ANNEXURE V TO THE BOARD'S REPORT

The particulars in respect of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under sub-section (3)(m) of Section 134 of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014.

(A) Conservation of Energy

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

The operations of your Company are not energy intensive. However, adequate measures have been initiated to reduce energy consumption.

(ii) The steps taken by the Company for utilizing alternate sources of energy:

The operations of your Company are not energy intensive.

(iii) The capital investment on energy conservation equipments: Nil

(B) Technology Absorption

(i) The efforts made towards technology absorption : Not Applicable

(ii) The benefits derived like product improvement, cost reduction, product development or import substitution: Not Applicable

(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the Financial Year): Not Applicable

(a) Details of Technology Imported

(b) Year of Import

(c) Whether the Technology been fully absorbed

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof

(iv) Your Company has not incurred any expenditure on Research and Development during the year under consideration.

(C) Foreign Exchange Earnings and Outgo

The information on Foreign Exchange Outgo is furnished in the Notes to Accounts. There were no Foreign Exchange Earnings during the year under consideration.

For and on behalf of the Board

Ramesh Iyer
Chairman

Mumbai, 17th April, 2017

ANNEXURE VI TO THE BOARD'S REPORT

Policy on Related Party Transactions

1. Prelude

Mahindra Rural Housing Finance Limited (MRHFL) is a Housing Finance company registered with the National Housing Bank, and is engaged in providing home loans primarily in rural and semi-urban areas. As part of its business activities, the Company deals with entities which are related parties.

The Companies Act, 2013 ("the Act") places a lot of emphasis on Related Party Transactions. Provisions of the Act along with the relevant Rules governing Related Party Transactions have come into effect from April 1, 2014.

Section 177(4) of the Act deals with approval or any subsequent modification of transactions of the Company with related parties by the Audit Committee.

All Related Party Transactions pursuant to section 188 of the Act which are not in the ordinary course of business and/or not on an Arms' length basis require prior approval of the Board and if such transactions cross the threshold limits prescribed under the Act, such transactions also require the approval of shareholders of the Company by ordinary resolution and the Related Parties with whom transactions are being entered shall abstain from voting on such resolution(s).

It also requires specified related party transactions to be disclosed in the Board's Report along with the justification for entering into such transactions.

As per the requirements of Notification No. NHB. HFC.CG-DIR.1/MD&CEO/2016 issued by the National Housing Bank (NHB) vide which the NHB notified the Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016, the company shall disclose the policy on dealing with Related Party Transactions on its website and also in the Annual Report.

2. Intent of the Policy

The Objective of this policy is to set out (a) the materiality thresholds for related party transactions and (b) the manner of dealing with the transactions between the Company and its related parties based on the Act, and any other laws and regulations as may be applicable to the Company; and (c) lay down the guiding principles and mechanism to ensure proper approval, disclosure and reporting of transactions as applicable, between the Company and any of its related parties in the best interest of the Company and its stakeholders.

3. Applicability and Legal Framework

This Policy on Related Party Transactions shall be governed by the Act read with Rules made thereunder, as may be in force from time to time and regulations, if any, of NHB in this regard. Any references to statutory provisions shall be construed as references to those provisions as amended or re-enacted or as their application is modified by other statutory provisions (whether before or after the date hereof) from time to time and shall include any provisions of which they are re-enactments (whether with or without modification).

4. Definitions

(i) **"Arm's Length basis"** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. [Explanation (b) to Section 188(1) of the Act].

(ii) **"Associate Company"** shall be as defined in the Act and the applicable Accounting Standards issued by the Institute of Chartered Accountants of India.

(iii) **"Audit Committee"** means the Audit Committee constituted by the Board of Directors of the Company in accordance with section 177 of the Act.

(iv) **"Board of Directors"** or **"Board"** means the Board of Directors of MRHFL, as constituted from time to time.

(v) **"Company"** or **"MRHFL"** means Mahindra Rural Housing Finance Limited.

(vi) **"Control"** shall have the same meaning as defined in the Act.

(vii) **"Key Managerial Personnel** in relation to a Company, shall be as defined in the Act.

(viii) **"Ordinary course of business"** would include usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and all such activities which the Company can undertake as per its Memorandum and Articles of Association.

(ix) **"Related Party"**, for the purpose of this Policy, with reference to the Company, shall mean a Related Party as defined in Section 2(76) of the Act.

(x) **"Related Party Transaction"** means specified transaction mentioned in clause (a) to (g) of sub-section (1) of Section 188 of the Act .

(xi) **"Relatives"** with reference to any person shall have the meaning as defined in Section 2(77) of the Act read with Clause 4 of The Companies (Specification of Definition details) Rules, 2014 from time to time.

(xii) **A "transaction"** with a related party shall be construed to include single transaction or a group of transactions in a contract.

Any other term not defined herein shall have the same meaning as defined in the Act, the Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.

5. Policy on Related Party Transactions

All Related Party Transactions (before being entered into) must be reported to the Audit Committee for its approval in accordance with this Policy.

The Audit Committee shall periodically review this Policy and may recommend amendments to this Policy from time to time as it deems appropriate.

5.1 Identification of potential related parties and transactions

Every Director and Key Managerial Personnel will be responsible for providing a declaration containing the following information to the Company Secretary on an annual basis and whenever there is a change in the information provided:

1. Names of his/her Relatives;
2. Partnership firms in which he/she or his/her Relative is a partner;
3. Private Companies in which he/she or his/her relative is a member or Director;
4. Public Companies in which he/she is a Director and holds along with his/her Relatives more than 2% of paid up share capital;
5. Any Body Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with his/her advice, directions or instructions; and
6. Persons on whose advice, directions or instructions, he/she is accustomed to act (other than advice, directions or instructions obtained from a person in professional capacity).

Each director and Key Managerial Personnel is responsible for providing Notice to the Company Secretary of any potential Related Party Transaction, including any additional information about the transaction that the Board/Audit Committee may request, for being placed before the Audit Committee and the Board.

It will be the responsibility of the Directors and KMPs to keep the Company updated immediately if there is a change in any of the declarations provided at the beginning of the year.

5.2 Approval of Related Party Transactions

5.2.1 Prior approval of Audit Committee

All Related Party Transactions of the Company, as prescribed under the Act, shall require prior approval of Audit Committee, whether at a meeting or by way of a Resolution by circulation.

The approval of the Audit Committee will be sought in the following manner:

a) All Related Party Transactions will be submitted to the Audit Committee for prior approval irrespective of whether such transactions are in the ordinary course of business and/or at arm's length or not.

b) Where the Company has entered into a master agreement with a related party, which stipulates details of every transaction like nature of the transaction, basis of pricing, credit terms etc., the prior approval once given by the Audit Committee would suffice and Audit Committee would only note the transactions that are entered into pursuant to such master agreement and will not require any further approval of the Audit Committee unless there is any change in the terms of the master agreement.

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

a) The Audit Committee shall, after obtaining the approval of the Board of Directors, specify the criteria for granting the omnibus approval in line with the Policy on Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature.

b) The criteria for making the omnibus approval shall include the following which shall be approved by the Board:-

   i. Maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year.

   ii. The maximum value per transaction which can be allowed.

   iii. Extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval.

   iv. Review, at such interval as the Audit Committee may deem fit, of the related party transaction entered into by the Company pursuant to each of the omnibus approval made.

   v. Transactions which cannot be subject to the omnibus approval by the Audit Committee.

   The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:-

   a. Repetitiveness of the transactions (in past or in future)

   b. Justification for the need of omnibus approval.

c) The Audit Committee shall satisfy itself on the need for omnibus approval and that such approval is in the interest of the Company;

d) Such omnibus approval shall specify (i) the name/s of the related party/ies (ii) nature and duration of transaction/period of transaction (iii) maximum amount of transaction that can be entered into (iv) the indicative base price/ current contracted price and the formula for variation in the price if any and (v) such other conditions as the Audit Committee may deem fit.

Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. one crore per transaction.

The Audit Committee shall review on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given.

Such omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of one financial year.

Such omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.

Any member of the Audit Committee who has a potential interest in any Related Party Transaction will not remain present at the Meeting when such Related Party Transaction is considered.

prior approval of the Audit Committee and Approval of the Shareholders for all Related Party Transactions shall not be applicable for transactions entered into between a holding company and its wholly-owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

5.2.2. Prior approval of Board of Directors under the Act

Transactions with the related parties within the scope of Section 188 of the Act, which are either not in the Ordinary Course of Business or are not at Arm's Length basis or both shall require prior approval of the Board of Directors.

Where any Director is interested in any contract or arrangement with a related party, such Director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

5.2.3 Shareholders' approval requirements:

If the following transactions are likely to exceed the thresholds prescribed under the Act, the same will require prior approval of the Board of Directors and the Shareholders:

a) Not in the ordinary course of business but at arm's length; or

b) In the ordinary course of business but not at arm's length; or

c) Not in the ordinary course of business and not at arm's length basis.

No member of the Company shall vote on Ordinary Resolution if such a member is a related party in the context of the contract or arrangement which is being considered under the Act.

Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval by an Ordinary Resolution in the general meeting under sub-section (1) and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board and if the contract or arrangement is with a related party or any director, or is authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it (Section 188).

Approval of the shareholders in case of the transactions of which the value crosses the threshold limits prescribed under the Act, shall not be applicable for transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

6. Disclosures

a) This policy shall be hosted on the Company's website at www.mahindrahomefinance.com and also disclosed in the Annual Report.

b) The Annual Report shall contain details of all transactions with related parties.

INDEPENDENT AUDITOR'S REPORT

To the Members of **MAHINDRA RURAL HOUSING FINANCE LIMITED**

Report on the Financial Statements

1. We have audited the accompanying financial statements of **Mahindra Rural Housing Finance Limited** ("the Company"), which comprise the balance sheet as at March 31, 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 period from April 1, 2016 to March 31, 2017.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

10. As required by Section 143(3) of the Act, we report that:

    a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

    b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;

    d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

    e. on the basis of written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31,2016, from being appointed as a director in terms of Section 164(2) of the Act.

f. with respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure II.

g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 14 to the financial statements.

   ii. The Company does not have any long-term contracts including derivative contracts for which there are any material foreseeable losses that need provision.

   iii. During the year, there were no amounts which were required to be transferred by the Company to the Investor Education and Protection Fund.

   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. Based on audit procedures and relying on the management representation we report that disclosures are in accordance with books of account maintained by the company and as prescribed by the management – Refer Note [2.15].

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number 105102W

Shirish Rahalkar
Partner
Membership Number 111212

Mumbai, April 17, 2017

ANNEXURE I TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the financial statements of **Mahindra Rural Housing Finance Limited** for the year ended March 31, 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 title deeds of immovable properties are held in the name of the Company.

II. The Company is in the business of providing housing finance and consequently, does not hold any inventory. Hence, para 3(ii) of the Order 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 Order 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) except for the following cases, there are no disputed dues of income tax or service tax or duty of customs or value added tax which have not been deposited with the relevant authority.

Name of Statute	Nature of dues	Amt in Rs.	Period to which amount relates	Forum where pending
Income Tax Act, 1961	Income Tax	37,75,670	A.Y. 2012-13	CIT(A)
Income Tax Act, 1961	Income Tax	5,41,775	A.Y. 2013-14	CIT(A)
Income Tax Act, 1961	Income Tax	22,54,929	A.Y. 2014-15	CIT(A)

VIII. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not defaulted in repayment of any dues from financial institution or bank or debenture holders as at the Balance Sheet date.

IX. In our opinion and according to the information and explanations given to us, during the year, the term loans were applied for the purposes for which they were obtained. During the year, there were no moneys raised by way of initial public offer or further public offer.

X. Except for 28 cases of frauds aggregating Rs.36.04 Lacs which were noticed by the management and informed 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 paid or provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

XII. The Company is not a 'Nidhi Company', therefore, para 3(xii) of the 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 Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

XIV. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit, therefore, para 3(xiv) of the Order is not applicable to the company.

XV. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

XVI. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration Number 105102W

Shirish Rahalkar
Partner
Membership Number 111212

Mumbai, April 17, 2017

ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MAHINDRA RURAL HOUSING FINANCE LIMITED

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

We have audited the internal financial controls over financial reporting of **Mahindra Rural Housing Finance Limited** ("the Company") as of March 31, 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 Number 105102W

Shirish Rahalkar
Partner
Membership Number 111212

Mumbai, April 17, 2017

BALANCE SHEET AS AT 31ST MARCH, 2017

	Particulars	Note No.	Rs. in Lakhs March 2017	Rs. in Lakhs March 2016
I.	**EQUITY & LIABILITIES**			
1)	**Shareholders' funds**			
	a) Share Capital	1	**9,513.22**	7,572.92
	b) Reserves and Surplus	2	**38,074.99**	20,003.78
			47,588.21	27,576.70
2)	**Non-Current Liabilities**			
	a) Long Term Borrowings	3	**244,049.75**	204,106.47
	b) Long Term Provisions	4	**6,279.52**	3,491.23
			250,329.27	207,597.70
3)	**Current Liabilities**			
	a) Short Term Borrowings	5	**62,729.30**	36,649.45
	b) Trade Payables	6		
	i) Micro & Small Enterprises		**–**	–
	ii) Other than Micro and Small Enterprises		**3,400.50**	2,012.11
	c) Other Current Liabilities	7	**118,745.55**	51,086.63
	d) Short Term Provisions	8	**8,695.82**	5,201.38
			193,571.17	94,949.57
	TOTAL		**491,488.65**	330,123.97
II.	**ASSETS**			
1)	**Non-Current Assets**			
	a) Fixed Assets	9		
	i) Tangible Assets		**1,526.36**	1,046.06
	ii) Intangible assets		**32.53**	–
	iii) Capital work-in-progress		**6.58**	–
	b) Deferred Tax Assets (Net)	10	**1,408.39**	583.89
	c) Long Term Loans and Advances	11	**364,996.50**	247,715.80
			367,970.36	249,345.75
2)	**Current Assets**			
	a) Cash and Cash Equivalents	12	**1,622.45**	1,127.21
	b) Short Term Loans and Advances	13	**121,895.84**	79,651.01
			123,518.29	80,778.22
	TOTAL		**491,488.65**	330,123.97
	Summary of significant accounting policies and notes to the financial statements	**I & II**		

The notes referred to above form an integral part of the Balance Sheet.
This is the Balance Sheet referred in our report of even date.

For B. K. KHARE & CO.
Chartered Accountants
(Firm Registration No.: 105102W)

Ramesh Iyer
Chairman

Nityanath Ghanekar
Director

Anjali Raina
Director

V. Ravi
Director

Shirish Rahalkar
Partner
Membership no. 111212

K. Chakravarthy
Director

K. Chandrasekar
Director

M. Narendra
Director

Anuj Mehra
Managing Director

Place: Mumbai
Date: 17th April 2017

Navin Joshi
Company Secretary

Dharmesh Vakharia
Chief Financial Officer

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

	Particulars	Note No.	Rs. in Lakhs March 2017	Rs. in Lakhs March 2016
I.	Revenue from Operations	15	**70,333.57**	49,536.90
II.	Other Income	16	**3.32**	7.83
III.	**Total Revenue (I + II)**		**70,336.89**	49,544.73
IV.	**Expenses:**			
	Employee Benefits Expense	17	**12,847.83**	9,218.31
	Finance Costs	18	**29,794.38**	21,332.05
	Depreciation and Amortization Expense	19	**528.04**	343.34
	Loan Provisions and Write Offs	20	**7,125.55**	3,873.47
	Other Expenses	21	**7,350.83**	5,107.92
	Total Expenses		**57,646.63**	39,875.09
V.	**Profit Before Tax (III - IV)**		**12,690.26**	9,669.64
VI.	**Tax expense:**			
	(1) Current Tax		**5,260.00**	3,818.00
	(2) Deferred Tax		**(824.50)**	(488.29)
	(3) (Excess)/Short Provision for Income Tax - earlier years		**(45.79)**	71.90
			4,389.71	3,401.61
VII.	**Profit/(Loss) for the year (V - VI)**		**8,300.55**	6,268.03
VIII.	**Earnings per Equity Share (Rupees):**			
	(Face value - Rs. 10/- per share)			
	(1) Basic		**10.84**	9.53
	(2) Diluted		**10.84**	9.53
	Summary of significant accounting policies and notes to the financial statements	**I & II**		

The notes referred to above form an integral part of the Statement of Profit & Loss.
This is the Statement of Profit & Loss referred in our report of even date.

For B. K. KHARE & CO.
Chartered Accountants
(Firm Registration No.: 105102W)

Ramesh Iyer
Chairman

Nityanath Ghanekar
Director

Anjali Raina
Director

V. Ravi
Director

Shirish Rahalkar
Partner
Membership no. 111212

K. Chakravarthy
Director

K. Chandrasekar
Director

M. Narendra
Director

Anuj Mehra
Managing Director

Place: Mumbai
Date: 17th April 2017

Navin Joshi
Company Secretary

Dharmesh Vakharia
Chief Financial Officer

CASH FLOW STATEMENT AS AT 31ST MARCH, 2017

Particulars	Rs. in Lakhs March 2017	Rs. in Lakhs March 2016
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxes and contingencies and exceptional items	**12,690.26**	9,669.64
Add/(Less) : Adjustment for:		
Depreciation and amortisation expenses	**528.04**	343.34
Loss/(profit) on sale of fixed assets	**1.25**	4.13
Provision for Non Performing Assets	**5,537.93**	3,112.64
General Provision for Standard Assets	**545.36**	422.75
Operating profit before working capital changes	**19,302.84**	13,552.50
Less: (Increase)/decrease in loans and advances	**(159,254.27)**	(117,127.48)
Add : Increase in current liabilities	**20,789.75**	9,786.92
Cash generated from/(used in) operations	**(119,161.68)**	(93,788.06)
Advance taxes paid	**(5,222.33)**	(3,963.31)
Net Cash Generated from/(Used In) Operating Activities (A)	**(124,384.01)**	(97,751.37)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets/Software	**(1,330.77)**	(785.05)
Sale of fixed assets	**10.81**	8.76
Net Cash Generated from/(Used In) Investing Activities (B)	**(1,319.96)**	(776.29)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Equity Shares (net of issue expenses)	**12,987.00**	3,992.82
Proceeds from long-term borrowings	**115,800.00**	80,700.00
Repayment of long-term borrowings	**(27,391.60)**	(17,524.83)
Increase/(Decrease) in short-term borrowings (net)	**26,079.85**	32,525.21
Dividend paid on equity shares	**(1,060.21)**	(854.58)
Tax on equity dividend paid	**(215.83)**	(173.99)
Net Cash Generated from/(Used In) Financing Activities (C)	**126,199.21**	98,664.63
Net increase/(decrease) in cash and cash equivalents (A + B + C)	**495.24**	136.97
Cash and cash equivalents at the beginning of the year	**1,127.21**	990.24
Cash and cash equivalents at the end of the year (Refer Note no. 12)	**1,622.45**	1,127.21

Note : The above Cash Flow Statement has been prepared under the 'Indirect method' as set out in Accounting Standard-3 'Cash Flow Statement'

For B. K. KHARE & CO. **Chartered Accountants** (Firm Registration No.: 105102W)	**Ramesh Iyer** Chairman	**Nityanath Ghanekar** Director	**Anjali Raina** Director	**V. Ravi** Director
Shirish Rahalkar Partner **Membership no. 111212**	**K. Chakravarthy** Director	**K. Chandrasekar** Director	**M. Narendra** Director	**Anuj Mehra** Managing Director
Place: Mumbai Date: 17th April 2017	**Navin Joshi** Company Secretary	**Dharmesh Vakharia** Chief Financial Officer		

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

Note I

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31st, 2017.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

1.1 Basis for preparation of financial statements

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (IGAAP) under the historical cost convention as a going concern and on accrual basis and in accordance with the provisions of the Companies Act, 2013 and the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).

All assets and liabilities have been classified as current and non – current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of services and their realization in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current – noncurrent classification of assets and liabilities.

Further, the Company follows prudential norms for Income Recognition, Assets classification and provisioning for Non-performing Assets as well as contingency provision for Standard Assets as prescribed by The National Housing Bank for Housing Finance Companies.

1.2 Use of estimates

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) as on the date of financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

1.3 REVENUE RECOGNITION

a. General

The Company follows the accrual method of accounting for its income and expenditure except delayed payment charges, service charges and fee based income which on account of uncertainty of ultimate collection are accounted on receipt basis.

Further, in accordance with the guidelines issued by The National Housing Bank for Housing Finance Companies, income on business assets classified as Non-Performing Assets, is recognized on receipt basis. Unrealised interest recognized as income in the previous period is reversed in the month in which the loan is classified as Non-performing.

b. Income from Loans

i. Interest Income from loan transactions is accounted for by applying the interest rate implicit in such contracts.

ii. Service charges and documentation charges and other fees on loan transactions are recognized at the commencement of the contract.

c. Income from Investments

i. Dividend from investments is accounted for as income when the right to receive dividend is established.

ii. Interest income is accounted on accrual basis.

1.4 FIXED ASSETS, DEPRECIATION AND AMORTIZATION

a. Tangible Assets

Tangible assets are stated at cost of acquisition (including incidental expenses), less accumulated depreciation. Assets held for sale or disposals are stated at the lower of their net book value and net realizable value.

b. Depreciation on Tangible Assets

Depreciation on fixed assets is charged on the basis of the useful life of the assets as specified in Schedule II to The Companies Act, 2013 except for:

i. Vehicles used by employees are depreciated over the maximum period of 48 months based on the useful life of vehicle for the Company.

ii. Assets costing less than Rs.5000/- are fully depreciated in the period of purchase.

c. Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment loss, if any.

d. Amortization of Intangible assets

Intangible assets comprises of computer software which is amortized over the estimated useful life. The maximum period for such amortization is taken as 36 months based on management`s estimates of useful life.

1.5 Foreign exchange transactions and translations:

a. Initial recognition:

Transactions in foreign currencies are recognised at the prevailing exchange rates between the reporting currency and a foreign currency on the transaction dates.

b. Conversion

i. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of profit and loss.

ii. Non-monetary items, which are measured in terms of historical Cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

c. Exchange differences

The Company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below:

i. Realized gains and losses on settlement of foreign currency transactions are recognised in the Statement of profit and loss.

ii. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of profit and loss.

1.6 INVESTMENTS

Investments held as long-term investments are carried at cost comprising of acquisition and incidental expenses less permanent diminution in value, if any. Investments other than long-term investments are classified as current investments and valued at cost or fair value whichever is less.

Provision for diminution in value of investments is made if management perceives that there is permanent diminution in value of investments or in accordance with the norms prescribed by National Housing Bank and Accounting Standard on 'Accounting for Investments' (AS 13) notified by Companies (Accounting Standards) Rules, 2006.

1.7 LOAN AGAINST ASSETS

Loan against assets are stated at agreement value net of installments received less unmatured finance charges.

1.8 SHARE ISSUE EXPENSES

Expenses incurred in connection with fresh issue of share capital are adjusted against Securities premium reserve in the year in which they are incurred.

1.9 LEASE

Lease rentals in respect of assets taken on operating lease arrangements are recognized as per the terms of the lease.

1.10 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares etc. that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

1.11 CURRENT AND DEFERRED TAX

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods is accounted for using the tax rates and tax laws enacted or substantively enacted as on the balance sheet date. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Other deferred tax assets are recognised only when there is a reasonable certainty of their realisation.

1.12 EMPLOYEE BENEFITS

a. **Contribution to provident fund**
Company's contribution paid/payable during the year to provident fund and labour welfare fund are recognised in the Statement of profit and loss.

b. **Gratuity**
The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated period mentioned under 'The Payment of Gratuity Act, 1972'. The Company accounts for liability of future gratuity benefits based on an external actuarial valuation on projected unit credit method carried out for assessing liability as at the reporting date. Actuarial gains/losses are immediately taken to the Statement of profit and loss and are not deferred.

c. **Superannuation**
The Company makes contribution to the Superannuation scheme, a defined contribution scheme, administered by Life Insurance Corporation of India, which are charged to the Statement of profit and loss. The Company has no obligation to the scheme beyond its monthly contributions.

d. **Leave encashment/compensated absences/sick leave**
The Company provides for the encashment/availment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment/availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation.

1.13 BORROWING COST

Borrowing costs are charged to the Statement of profit and loss. Ancillary expenditure incurred in connection with the arrangement of borrowings is amortized over the tenure of the respective borrowings.

1.14 IMPAIRMENT OF ASSETS

The carrying value of assets/cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life to their present value based on an appropriate discount factor.

1.15 PROVISIONS FOR NON PERFORMING ASSETS (NPA)

Housing loans are classified into "Performing" and "Non Performing" assets in terms of guidelines laid down by the National Housing Bank. The provisioning policy of the Company covers the minimum provisioning required as per the NHB guidelines.

1.16 PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Note 1

Share Capital:

Particulars	**Rs. in Lakhs March 2017**	Rs. in Lakhs March 2016
Authorised Capital:		
100,000,000 Equity shares of Rs. 10/- each	**10,000.00**	10,000.00
Issued Capital:		
95,132,166 Equity shares of Rs.10/- each	**9,513.22**	7,572.92
(Previous Period 75,729,181 Equity shares of Rs.10/- each fully paid up)		
Subscribed and Paid-up Capital:		
95,132,166 Equity shares of Rs.10/- each fully paid up	**9,513.22**	7,572.92
(Previous Period 75,729,181 Equity shares of Rs.10/- each fully paid up)		
Total	**9,513.22**	7,572.92

Other quantitative information:

Particulars	**March 2017**	March 2016
a) Reconciliation of Number of Equity Shares :		
Balance at the beginning of the year	**75,729,181**	65,737,137
Issue of Rights Shares	**19,402,985**	9,992,044
Balance at the end of the period	**95,132,166**	75,729,181
b) Reconciliation of Equity Shares - in Value		
Balance at the beginning of the year	**7,572.92**	6,573.71
(Equity Share 19,402,985 @ Rs. 10/- Each)	**1,940.30**	999.21
In previous year issue made for Right Shares (Equity Share 9,992,044 @ Rs. 10/- Each)		
Balance at the end of the period	**9,513.22**	7,572.92

Particulars		March 2017	March 2016
c)	**Number of Equity Shares held by holding company or ultimate holding company including shares held by its subsidiaries/associates -**		
	Holding Company: Mahindra & Mahindra Financial Services Limited (including 6 shares held jointly with nominees)	**83,240,655**	66,263,043
	Percentage of Holding (%)	**87.50%**	87.50%
d)	**Shareholders Holding more than 5% Shares:**		
	Mahindra & Mahindra Financial Services Limited	**83,240,655**	66,263,043
	Percentage of holding (%)	**87.50%**	87.50%
	National Housing Bank	**11,891,511**	9,466,138
	Percentage of holding (%)	**12.50%**	12.50%

e) Terms/rights 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 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 the 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.

Note 2

Reserves and Surplus:

Particulars	Rs. in Lakhs March 2017	Rs. in Lakhs March 2016
Securities Premium Reserve:		
Balance as at the beginning of the year	**5,992.03**	2,998.42
Add : Received during the year on account of fully paid up shares	**11,059.70**	2,997.61
Less : Deduction during the year in respect of shares issue expenses	**13.00**	4.00
Net balance as at the end of the year	**17,038.73**	5,992.03
Statutory Reserve:		
(As per Section 29C of the National Housing Bank Act, 1987) {refer note no 22}		
Balance as at the beginning of the year	**5,879.93**	3,554.93
Add : Transfer from surplus in the Statement of Profit and Loss	**3,325.00**	2,325.00
Less: Deduction during the year	**–**	–
Balances as at the end of the year	**9,204.93**	5,879.93
General Reserve :		
Balance as at the beginning of the year	**290.00**	290.00
Add : Transfer from surplus in the Statement of Profit and Loss	**–**	–
Less: Deduction during the year	**–**	–
Balances as at the end of the year	**290.00**	290.00
Surplus in Statement of Profit and Loss :		
Balance as at the beginning of the year	**7,841.82**	3,898.79
Add : Profit for the current period transferred from Statement of Profit and Loss	**8,300.55**	6,268.03
	16,142.37	10,166.82
Less: Appropriations:		
Special Reserve	**3,300.00**	2,300.00
Additional Special Reserve	**25.00**	25.00
Dividend On Equity Shares (refer Note No. 2.12)	**1,060.21**	–
Corporate Dividend Tax on Equity Shares	**215.83**	–
	4,601.04	2,325.00
Balances as at the end of the year	**11,541.33**	7,841.82
Total	**38,074.99**	20,003.78

Note 3

Long Term Borrowings:

Particulars		Rs. in Lakhs March 2017	Rs. in Lakhs March 2016
a)	**Secured -**		
	Term Loans:		
	– from banks {refer note no 23 (i)}	**170,205.56**	180,220.47
	– from National Housing Bank {refer note no 23 (ii)}	**8,394.19**	15,186.00
	Non Convertible Debentures {refer note no 23 (iii)}	**46,350.00**	–
Total		**224,949.75**	195,406.47
b)	**Unsecured -**		
	Unsecured bonds (Subordinate Debt) {refer note no 24 (i)}	**18,900.00**	6,700.00
	Loans and Advances from related parties (ICDs) {refer note no 24 (ii)}	**200.00**	2,000.00
Total		**19,100.00**	8,700.00
Total (a+b)		**244,049.75**	204,106.47

Note 4

Long Term Provisions:

Particulars	Rs. in Lakhs March 2017	Rs. in Lakhs March 2016
Provision for employee benefits {refer note no 2.8}	**189.25**	98.93
Provision for Non performing assets {refer note no 3.8.1}	**4,725.29**	2,448.91
Provision for Standard assets {refer note no 3.8.1}	**1,364.98**	943.39
Total	**6,279.52**	3,491.23

Note 5

Short Term Borrowings:

Particulars		Rs. in Lakhs March 2017	Rs. in Lakhs March 2016
a)	**Secured -**		
	Loans from banks {refer note 25}	**10,450.00**	13,300.00
	Cash Credit facilities with banks {refer note 25}	**15,979.30**	1,094.45
Total		**26,429.30**	14,394.45
b)	**Unsecured -**		
	Loans and Advances from related parties (ICDs) {refer note no 24 (ii)}	**16,300.00**	2,255.00
	Commercial paper (CPs) {refer note no 26}	**20,000.00**	20,000.00
Total		**36,300.00**	22,255.00
Total		**62,729.30**	36,649.45

Note 6

Trade Payables:

Particulars		Rs. in Lakhs March 2017	Rs. in Lakhs March 2016
a)	**Finance**		
	Outstanding dues of Micro Enterprises and Small Enterprises	**–**	–
	Other Outstanding dues	**2,761.67**	1,712.91
b)	**Expenses and Others**		
	Outstanding dues of Micro Enterprises and Small Enterprises	**–**	–
	Other Outstanding dues	**638.83**	299.20
Total		**3,400.50**	2,012.11

Note 7

Other Current Liabilities:

Particulars	Rs. in Lakhs March 2017	Rs. in Lakhs March 2016
Current Maturities of Long Term Debt		
a) **Secured -**		
Term Loans:		
– From banks {refer note no. 23 (i)}	**65,014.92**	15,145.61
– From National Housing Bank {refer note no 23 (ii)}	**5,311.81**	6,109.49
	70,326.73	21,255.10
b) **Unsecured -**		
Loans and Advances from related parties (ICDs) {refer note no. 24 (ii)}	**4,050.00**	4,656.50
	4,050.00	4,656.50
Interest Accrued but not due on Borrowings	**3,559.15**	1,977.00
Credit balances in Current Accounts with Banks as per books	**38,673.76**	21,884.83
Insurance Premium Payable	**1,808.63**	1,086.57
Statutory & Other Liabilities	**327.28**	226.63
Total	**118,745.55**	51,086.63

Note 8

Short-term Provisions:

Particulars	Rs. in Lakhs March 2017	Rs. in Lakhs March 2016
Provision for Employee Benefits {refer note no 2.8}	**1,455.40**	1,338.15
Others		
Provision for Non Performing Assets {refer note no. 3.8.1}	**6,711.66**	3,450.11
Provision for Standard assets (refer note no. 3.8.1)	**394.78**	271.01
Provision for tax (net of advance tax)	**133.98**	142.11
Total	**8,695.82**	5,201.38

Note 9

Fixed Assets: Rs. in Lakhs

Asset Description	GROSS BLOCK AT COST				DEPRECIATION & AMORTISATION				NET BLOCK	
	As at 1st April, 2016	Additions	Deductions/ adjustments	As at 31st March, 2017	As at 1st April, 2016	Additions	Deductions/ adjustments	As at 31st March, 2017	As at 1st April, 2016	As at 31st March, 2017
i) **Tangible Assets:**										
Buildings	**23.12**	**–**	**–**	**23.12**	**0.13**	**0.39**	**–**	**0.52**	**22.99**	**22.60**
	–	*23.12*	*–*	*23.12*	*–*	*0.13*	*–*	*0.13*	*–*	*22.99*
Furniture and Fixtures	**243.56**	**170.46**	**0.33**	**413.69**	**120.52**	**95.35**	**0.33**	**215.54**	**123.04**	**198.15**
	148.83	*96.66*	*1.93*	*243.56*	*69.66*	*52.66*	*1.80*	*120.52*	*79.17*	*123.04*
Vehicles	**402.44**	**241.27**	**27.06**	**616.65**	**155.84**	**92.55**	**16.30**	**232.09**	**246.60**	**384.56**
	297.20	*121.74*	*16.50*	*402.44*	*109.41*	*53.77*	*7.34*	*155.84*	*187.79*	*246.60*
Office Equipment	**724.03**	**334.89**	**20.17**	**1,038.75**	**292.90**	**179.57**	**18.87**	**453.60**	**431.13**	**585.15**
	471.06	*264.66*	*11.69*	*724.03*	*176.35*	*123.87*	*7.32*	*292.90*	*294.71*	*431.13*
Computers	**536.58**	**272.86**	**4.19**	**805.25**	**314.28**	**159.26**	**4.19**	**469.35**	**222.30**	**335.90**
	331.34	*205.24*	*–*	*536.58*	*202.14*	*112.91*	*0.77*	*314.28*	*129.20*	*222.30*
Total (i)	**1,929.73**	**1,019.48**	**51.75**	**2,897.46**	**883.67**	**527.11**	**39.69**	**1,371.10**	**1,046.06**	**1,526.36**
ii) **Intangibe Assets:**										
Computer software	**–**	**33.46**	**–**	**33.46**	**–**	**0.93**	**–**	**0.93**	**–**	**32.53**
Total (ii)	**–**	**33.46**	**–**	**33.46**	**–**	**0.93**	**–**	**0.93**	**–**	**32.53**
Total	**1,929.73**	**1,052.94**	**51.75**	**2,930.92**	**883.67**	**528.04**	**39.69**	**1,372.03**	**1,046.06**	**1,558.89**
	1,248.43	*711.42*	*30.12*	*1,929.73*	*557.56*	*343.34*	*17.23*	*883.67*	*690.87*	*1,046.06*

Previous year figures are in italics.

Note 10

Deferred Tax Assets (net):

Particulars		Rs. in Lakhs March 2017	Rs. in Lakhs March 2016
a) **Deferred tax assets**			
Provision for Non Performing Assets		**3,680.18**	2,060.77
Provision on Standard Assets		**609.02**	422.89
Difference between written down value of books of account and Income Tax Act, 1961		**93.30**	56.61
Other Disallowances		**156.08**	49.70
	(a)	**4,538.58**	2,589.97
b) **Deferred tax liabilities**			
Special Reserve		**3,130.19**	2,006.08
	(b)	**3,130.19**	2,006.08
Deferred Tax Assets (Net)		**1,408.39**	583.89

Note 11

Long Term Loans and Advances:

Particulars	Rs. in Lakhs March 2017	Rs. in Lakhs March 2016
Unsecured, Considered good unless otherwise stated:		
Capital Advances	**365.45**	94.19
Deposits for Office Premises/Others	**132.96**	105.52
Other Loans and Advances		
– Employee Loans & Advances	**2.47**	12.17
– Prepaid Expenses	**2,289.46**	33.90
Loans against Assets - Housing Loans (Secured)		
– Loans against Assets - Housing Loans (Secured - Considered good)	**338,017.72**	235,536.20
– Loans against Assets - Housing Loans (Secured - Non Performing Assets)	**23,182.95**	11,628.36

Particulars	Rs. in Lakhs March 2017	Rs. in Lakhs March 2016
Loans against Assets - Others (Secured)		
– Loans against Assets - Others (Secured - Considered good)	**1,000.34**	304.63
– Loans against Assets - Others (Secured - Non Performing Assets)	**5.15**	0.83
Total	**364,996.50**	247,715.80

Note 12

Cash and bank balance:

Particulars	Rs. in Lakhs March 2017	Rs. in Lakhs March 2016
Cash and Cash Equivalents:		
Balance with Banks in Current Accounts	**922.22**	610.79
Cash on Hand	**700.23**	516.42
Total	**1,622.45**	1,127.21

Note 13

Short Term Loans and Advances:

Particulars	Rs. in Lakhs March 2017	Rs. in Lakhs March 2016
Unsecured, Considered good unless otherwise stated:		
Loans against Assets - Housing Loans (Secured)		
– Loans against Assets - Housing Loans (Secured - Considered good)	**95,966.30**	66,810.78
– Loans against Assets - Housing Loans (Secured - Non Performing Assets)	**23,424.56**	12,055.79
Loans against Assets - Others (Secured)		
– Loans against Assets - Others (Secured - Considered good)	**311.68**	114.41
– Loans against Assets - Others (Secured - Non Performing Assets)	**17.43**	0.99
Loans and Advances - Personal Loan		
– Personal Loans (Considered good)	**425.32**	–
– Personal Loans (Non Performing Assets)	**3.15**	–
Other Loans and Advances		
– Employee Loans & Advances	**61.28**	37.31
– Prepaid Expenses	**1,658.01**	609.46
– Other Short Term Advances	**3.42**	6.65
Deposits for Office Premises/Others	**24.69**	15.62
Total	**121,895.84**	79,651.01

Note 14

Contingent Liabilities, Commitments (to the extent not provided for) and Changes in Provisions:

Particulars	Rs. in Lakhs March 2017	Rs. in Lakhs March 2016
I **Contingent Liabilities (to the extent not provided for):**		
(a) Legal suits filed by customers in Consumer Forums and civil courts claiming compensation from the company	**4.64**	10.04
(b) Demand against the company not acknowledged as debts - Income Tax	**60.98**	37.76
Total	**65.62**	47.80
II **Commitments:**		
(a) Estimated amount of contracts remaining to be executed on capital account	**243.22**	29.01
Total	**243.22**	29.01

Note 15

Revenue from Operations:

Particulars	Rs. in Lakhs March 2017	Rs. in Lakhs March 2016
a) **Interest Income**		
Income from Loans	**64,275.73**	45,058.64
Others (Employee Loans, etc)	**1.45**	2.65
	64,277.18	45,061.29
b) **Other Financial Services**		
Service Charges and Other Fees on loan transactions	**6,056.39**	4,475.61
	6,056.39	4,475.61
Total (a + b)	**70,333.57**	49,536.90

Note 16

Other Income:

Particulars	Rs. in Lakhs March 2017	Rs. in Lakhs March 2016
Other non-operating income	**3.32**	7.83
Total	**3.32**	7.83

Note 17

Employee Benefit Expenses:

Particulars	Rs. in Lakhs March 2017	Rs. in Lakhs March 2016
Salary, Bonus and Incentives	**11,458.09**	8,281.59
Contribution to Provident Funds and other funds	**972.05**	602.97
Employee Stock Compensation Costs {refer note no 2.11}	**88.88**	113.98
Staff Welfare Expenses	**328.81**	219.77
Total	**12,847.83**	9,218.31

Note 18

Finance Cost:

Particulars	Rs. in Lakhs March 2017	Rs. in Lakhs March 2016
Interest Expense	**29,545.20**	21,177.80
Other Borrowing Costs	**249.18**	154.25
Total	**29,794.38**	21,332.05

Note 19

Depreciation and Amortization Expense:

Particulars	Rs. in Lakhs March 2017	Rs. in Lakhs March 2016
Depreciation on Tangible Assets	**527.11**	343.34
Amortization of intangibe assets	**0.93**	–
Total	**528.04**	343.34

Note 20

Loan provisions and Write Offs :

Particulars	Rs. in Lakhs March 2017	Rs. in Lakhs March 2016
Provision for Non Performing Assets (net)	**5,537.93**	3,112.64
General Provision on Standard Assets	**545.36**	422.75
Bad Debts and Write Offs	**1,042.26**	338.08
Total	**7,125.55**	3,873.47

Note 21

Other Expenses:

Particulars	Rs. in Lakhs March 2017	Rs. in Lakhs March 2016
Electricity Charges	**65.11**	41.23
Rent	**291.21**	198.21
Repairs & Maintenance:-		
- Buildings	**165.50**	83.93
- Others	**12.28**	10.00
Insurance	**351.97**	234.72
Rates & Taxes, excluding taxes on income	**44.06**	37.21
Directors' sitting fees and commission	**23.80**	20.43
Commission & Brokerage	**38.93**	0.33
Legal & Professional Charges	**788.90**	459.39
Travelling and Conveyance Expenses	**2,392.89**	1,730.92
Administration Support Charges	**511.41**	427.33
Loss on Sale/Disposal of Owned Assets	**1.25**	4.13
Payments to the Auditor -		
- Audit fees	**7.51**	7.53
- Taxation matters	**1.61**	5.62
- Other Services	**8.15**	5.04
- Reimbursement of expenses	**0.34**	0.02
CSR Expenditure (including donations) {refer note no 2.5}	**178.29**	109.63
General and Administrative Expenses	**2,467.62**	1,732.25
Total	**7,350.83**	5,107.92

Note 22

Movement of Statutory Reserve:

(As per Section 29C of the National Housing Bank Act, 1987)
(In compliance with NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016)

Particulars	Rs. in Lakhs March 2017	Rs. in Lakhs March 2016
Balance at the beginning of the period		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	**60.00**	35.00
b) Amount of special reserve u/s 36(1) (viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	**5,819.93**	3,519.93
Total	**5,879.93**	3,554.93
Addition/Appropriation/Withdrawal during the period		
Add: a) Amount Transferred u/s 29C of the NHB Act, 1987	**25.00**	25.00
b) Amount of special reserve u/s 36(1) (viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	**3,300.00**	2,300.00
Less: a) Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act 1987	**–**	–
b) Amount withdrawn from the Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 which has been taken into account for the purposes of provision u/s 29C of the NHB Act, 1987	**–**	–
Balance at the end of the period		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	**85.00**	60.00
b) Amount of special reserve u/s 36(1) (viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	**9,119.93**	5,819.93
Total	**9,204.93**	5,879.93

Note 23 (i)

Secured Long Term Borrowings
Secured Term Loan from Banks

(Secured by exclusive charge on receivables under loan contracts and book debts to the extent of 100% of outstanding secured loans)

As on 31st March, 2017 — **Rs. in Lakhs**

Particulars	Rate Range	(a) Long Term	(b) Current Maturities	Total
1) Repayable on maturity:				
a) Maturity beyond 3 years	8.40% - 8.75%	25,000.00	–	25,000.00
b) Maturing between 1 year to 3 years	8.75% - 9.70%	30,000.00	–	30,000.00
c) Maturing within 1 year	8.65% - 9.70%	–	45,000.00	45,000.00
Total repayable on maturity		**55,000.00**	**45,000.00**	**100,000.00**
2) Repayable in installments:				
i) Quarterly:				
a) Maturity beyond 3 years	8.15%	3,055.56	–	3,055.56
b) Maturing between 1 year to 3 years	8.15%	8,333.33	–	8,333.33
c) Maturing within 1 year	8.15%	–	4,298.25	4,298.25
Total		**11,388.89**	**4,298.25**	**15,687.14**
ii) Half-Yearly:				
a) Maturity beyond 3 years	8.75%	6,666.67	–	6,666.67
b) Maturing between 1 year to 3 years	8.75%	10,000.00	–	10,000.00
c) Maturing within 1 year	8.75%	–	6,666.67	6,666.67
Total		**16,666.67**	**6,666.67**	**23,333.34**
iii) Yearly:				
a) Maturity beyond 3 years	8.20% - 9.30%	31,300.00	–	31,300.00
b) Maturing between 1 year to 3 years	8.20% - 9.63%	55,850.00	–	55,850.00
c) Maturing within 1 year	9.25% - 9.63%	–	9,050.00	9,050.00
Total		**87,150.00**	**9,050.00**	**96,200.00**
Total repayable on installments		**115,205.56**	**20,014.92**	**135,220.48**
Total (1+2)		**170,205.56**	**65,014.92**	**235,220.48**

As on 31st March, 2016 — **Rs. in Lakhs**

Particulars	Rate Range	(a) Long Term	(b) Current Maturities	Total
1) Repayable on maturity:				
a) Maturity beyond 3 years	9.65% -9.75%	25,000.00	–	25,000.00
b) Maturing between 1 year to 3 years	9.65% -9.70%	55,000.00	–	55,000.00
c) Maturing within 1 year	–	–	–	–
Total repayable on maturity		**80,000.00**	**–**	**80,000.00**
2) Repayable in installments:				
i) Quarterly:				
a) Maturity beyond 3 years	9.30%	3,888.89	–	3,888.89
b) Maturing between 1 year to 3 years	9.30%	6,798.25	–	6,798.25
c) Maturing within 1 year	9.30% - 9.71%	–	5,912.28	5,912.28
Total		**10,687.13**	**5,912.28**	**16,599.42**
ii) Half-Yearly:				
a) Maturity beyond 3 years	9.70%	3,333.33	–	3,333.33
b) Maturing between 1 year to 3 years	9.70%	10,000.00	–	10,000.00
c) Maturing within 1 year	9.70%	–	4,733.33	4,733.33
Total		**13,333.33**	**4,733.33**	**18,066.66**
iii) Yearly:				
a) Maturity beyond 3 years	9.34% - 9.63%	45,100.00	–	45,100.00
b) Maturing between 1 year to 3 years	9.34% - 9.63%	31,100.00	–	31,100.00
c) Maturing within 1 year	–	–	–	–
Total		**76,200.00**	**–**	**76,200.00**
Total repayable on installments		**100,220.47**	**10,645.61**	**110,866.08**
Total (1+2)		**180,220.47**	**10,645.61**	**190,866.08**

Note 23 (ii)

Secured Term Loans from NHB

(Secured by exclusive charge on receivables under loan contracts and book debts to the extent of 100% of outstanding secured loans)

As on 31st March, 2017 Rs. in Lakhs

Particulars	Rate Range	(a) Long Term	(b) Current Maturities	Total
1) Repayable in installments:				
i) Quarterly:				
a) Maturity beyond 3 years	7.65%-9.30%	2,054.80	–	2,054.80
b) Maturing between 1 year to 3 years	7.65%-9.30%	6,339.39	–	6,339.39
c) Maturing within 1 year	7.65%-9.70%	–	5,311.81	5,311.81
Total		**8,394.19**	**5,311.81**	**13,706.00**

As on 31st March, 2016 Rs. in Lakhs

Particulars	Rate Range	(a) Long Term	(b) Current Maturities	Total
1) Repayable in installments:				
i) Quarterly:				
a) Maturity beyond 3 years	8.85%-9.55%	5,322.88	–	5,322.88
b) Maturing between 1 year to 3 years	8.85%-9.70%	9,863.12	–	9,863.12
c) Maturing within 1 year	6.00%-10.15%	–	6,109.49	6,109.49
Total		**15,186.00**	**6,109.49**	**21,295.49**

Note 23 (iii)

Secured non-convertible debentures#

(Secured by pari passu charges on office premise and exclusive charge on receivables under loan contracts, owned assets and book debts to the extent of 100% of outstanding secured debentures)

As on 31st March, 2017 Rs. in Lakhs

Particulars	Rate Range	(a) Long Term	(b) Current Maturities	Total
1) Repayable on maturity:				
a) Maturity beyond 3 years (Listed)	8.10%-8.90%	22,350.00	–	22,350.00
b) Maturing between 1 year to 3 years (Listed)	7.90% - 8.74%	24,000.00	–	24,000.00
c) Maturing within 1 year	–	–	–	–
Total		**46,350.00**	–	**46,350.00**

As on 31st March, 2016 Rs. in Lakhs

Particulars	Rate Range	(a) Long Term	(b) Current Maturities	Total
1) Repayable on maturity:				
a) Maturing within 1 year	–	–	–	–
Total		–	–	–

The funds raised by the Company during the year by issue of Secured Non Convertible Debentures/Bonds were utilised for the purpose intended i.e. towards lending, financing, to refinance the existing indebtedness of the Company or for long-term working capital, in compliance with applicable laws.

Note 24 (i)

Unsecured Borrowings

Subordinated Debts (Long Term)

As on 31st March, 2017 Rs. in Lakhs

Particulars	Rate Range	(a) Long Term	(b) Current Maturities	Total
1) Repayable on maturity:				
a) Maturity beyond 3 years (Listed)	8.40% - 9.50%	18,200.00	–	18,200.00
b) Maturing between 1 year to 3 years	11.00%	700.00	–	700.00
c) Maturing within 1 year	–	–	–	–
Total repayable on maturity		**18,900.00**	–	**18,900.00**

As on 31st March, 2016 Rs. in Lakhs

Particulars	Rate Range	(a) Long Term	(b) Current Maturities	Total
1) Repayable on maturity:				
a) Maturity beyond 3 years (Listed)	9.25% - 9.50%	6,000.00	–	6,000.00
b) Maturing between 1 year to 3 years	11.00%	700.00	–	700.00
c) Maturing within 1 year	–	–	–	–
Total repayable on maturity		**6,700.00**	–	**6,700.00**

Note 24 (ii)

Inter - Corporate Deposits (ICD):

As on 31st March, 2017 Rs. in Lakhs

Particulars	Rate Range	(a) Long Term	(b) Short Term	(c) Current Maturities	Total
1) Repayable on maturity:					
a) Maturity beyond 3 years	–	–	–	–	–
b) Maturing between 1 year to 3 years	8.55%	200.00	–	–	200.00
c) Maturing within 1 year	7.60% - 9.80%	–	16,300.00	4,050.00	20,350.00
Total repayable on maturity		**200.00**	**16,300.00**	**4,050.00**	**20,550.00**

As on 31st March, 2016 Rs. in Lakhs

Particulars	Rate Range	(a) Long Term	(b) Short Term	(c) Current Maturities	Total
1) Repayable on maturity:					
a) Maturity beyond 3 years	–	–	–	–	–
b) Maturing between 1 year to 3 years	9.80%	2,000.00	–	–	2,000.00
c) Maturing within 1 year	8.50% - 10.50%	–	2,255.00	4,656.50	6,911.50
Total repayable on maturity		**2,000.00**	**2,255.00**	**4,656.50**	**8,911.50**

Note 25

Short Term Borrowings:

Secured Short Term Loans/Cash Credit from Bank (Secured by exclusive charge on receivables under loan contracts and book debts to the extent of 100% of outstanding secured loans)

As on 31st March, 2017 Rs. in Lakhs

Particulars	Rate Range	(a) Long Term	(b) Short Term	Total
1) Repayable on maturity:				
a) Maturing within 1 year	7.90% - 10.50%	–	26,429.30	26,429.30
Total		–	**26,429.30**	**26,429.30**

As on 31st March, 2016 Rs. in Lakhs

Particulars	Rate Range	(a) Long Term	(b) Short Term	Total
1) Repayable on maturity:				
a) Maturing within 1 year	9.10% - 10.75%	–	14,394.44	14,394.44
Total		–	**14,394.44**	**14,394.44**

Note 26

Commercial Paper Borrowings:

As on 31st March, 2017 Rs. in Lakhs

Particulars	Rate Range	(a) Long Term	(b) Short Term	Total
1) Repayable on maturity:				
a) Maturing within 1 year	7.30% - 7.60%	–	20,000.00	20,000.00
Total		–	**20,000.00**	**20,000.00**

As on 31st March, 2016 Rs. in Lakhs

Particulars	Rate Range	(a) Long Term	(b) Short Term	Total
1) Repayable on maturity:				
a) Maturing within 1 year	8.90% - 9.40%	–	20,000.00	20,000.00
Total	–	–	**20,000.00**	**20,000.00**

Note II

NOTES TO THE ACCOUNTS:

A. General Disclosures:

2.1 As per Section 29C (i) of the National Housing Bank Act, 1987, the Company is required to transfer at least 20% of its net profits every year to a reserve before any dividend is declared. For this purpose a Special Reserve created by the Company under Section 36(1)(viii) of the Income Tax Act, 1961 is considered to be an eligible transfer. The company has transferred an amount to Special Reserve in terms of Section 36(1)(viii) of the Income Tax Act, 1961 and Section 29C of the National Housing Bank Act, 1987, as amended, at year end. The company does not anticipate any withdrawal from Special Reserve in foreseeable future.

2.2 The Company has considered an amount of 5% of its computed total income, as per Section 36(1)(viia) as an eligible deduction. A deferred tax liability has been created on the said deduction.

2.3 The company is not required to make provision for diminution in value of investments, as per NHB norms, as the company does not hold any investment.

2.4 The company has not granted any loans or advances against collateral of gold jewellery.

2.5 During the year ended the company has incurred CSR expenses of Rs. 178.09 Lakhs (Previous year ended Rs. 109.43 Lakhs) as per the requirement of Section 135 of the Companies Act, 2013. The said expenditure represents contribution made to trusts which are engaged in the activity prescribed under the said section read with Schedule VII to the Act.

2.6 Bad Debts and Write offs includes loss on termination of Rs. 94.15 Lakhs (Previous year Rs. 48.53 Lakhs) which mainly represents shortfall on settlement of certain contracts. There is a Bad Debts recovery of Rs. 9.37 Lakhs (Previous year Rs. 12.07 Lakhs) in current year.

2.7 In the opinion of the Board, Current assets, Loans and Advances are of the values stated, if realized, in the ordinary course of business.

2.8 Employee Benefits:

Defined Benefit Plans -As per Actuarial Valuation on March 2017

Rs. in Lakhs.

		Gratuity (Funded)		Sick leave (Non-funded)		Privilege leave (Non-funded)	
		Mar-17	Mar-16	Mar-17	Mar-16	Mar-17	Mar-16
I.	**Expense recognised in the Statement of Profit & Loss Account for the year ending 31st Mar 2017**						
1	Current service cost	67.88	131.19	17.17	23.55	110.46	188.79
2	Interest cost	10.53	8.77	1.87	1.20	8.93	8.93
3	Expected return on plan assets	(8.66)	(9.26)	–	–	–	–
4	Actuarial (Gains)/ Losses	57.96	(92.03)	2.88	(13.97)	26.55	(168.05)
5	Adjustment due to change in opening balance of Plan assets	17.19	–	–	–	–	–
6	**Total expenses**	**144.90**	**38.67**	**21.92**	**10.78**	**145.94**	**29.67**
II.	**Net asset/(liability) recognised in the Balance Sheet as at 31st Mar 2017**						
1	Present Value of Defined Benefit obligation as at 31st Mar	257.66	131.66	45.30	23.38	246.04	111.66
2	Fair value of plan assets as at 31st Mar	144.97	125.44	–	–	–	–
3	Funded status (surplus/ (deficit))	(112.69)	(6.22)	(45.30)	(23.38)	(246.04)	(111.66)
4	**Net asset/(liability) as at 31st Mar**	**(112.69)**	**(6.22)**	**(45.30)**	**(23.38)**	**(246.04)**	**(111.66)**

Rs. in Lakhs.

		Gratuity (Funded)		Sick leave (Non-funded)		Privilege leave (Non-funded)	
		Mar-17	Mar-16	Mar-17	Mar-16	Mar-17	Mar-16
III.	**Change in the obligations during the year ending 31st Mar 2017**						
1	Present Value of Defined Benefit obligation at the beginning of the year	131.66	91.92	23.38	12.60	111.66	92.52
2	Current service cost	67.88	131.19	17.17	23.55	110.46	188.79
3	Interest cost	10.53	8.77	1.87	1.20	8.93	8.93
4	Actuarial (Gains)/Losses	57.96	(92.03)	2.88	(13.97)	26.55	(168.05)
5	Benefits paid	(10.37)	(8.19)	–	–	(11.56)	(10.53)
6	**Present Value of Defined Benefit obligation at the end of the year**	**257.66**	**131.66**	**45.30**	**23.38**	**246.04**	**111.66**
IV.	**Change in the fair value of plan assets during the year ending 31st Mar 2017**						
1	Fair value of plan assets at the beginning of the year	125.44	90.86	–	–	–	–
2	Expected return on plan assets	8.66	9.26	–	–	–	–
3	Contributions by employer	38.43	33.51	–	–	–	–
4	Actuarial (Gains)/Losses	–	–	–	–	–	–
5	Actual Benefits paid	(10.37)	(8.19)	–	–	–	–
6	Adjustment due to change in opening balance of Plan assets	(17.19)	–	–	–	–	–
7	**Fair value of plan assets at the end of the year**	**144.97**	**125.44**	–	–	–	–
V.	**Major category of plan assets as a percentage of total plan**						
	Funded with LIC	100%	100%	–	–	–	–
	Others	–	–	–	–	–	–
VI.	**Actuarial Assumptions**						
1	Discount Rate	7.36% p.a.	8.00% p.a.	7.36% p.a.	8.00% p.a.	7.36% p.a.	8.00% p.a.
2	Expected Rate of return on plan assets	8.00% p.a.	8.00% p.a.	–	–	–	–
3	Rate of Salary increase	5.00 % p.a.	5.00 % p.a.	5.00 % p.a.	5.00 % p.a.	5.00 % p.a.	5.00 % p.a.
4	In-service Mortality	Indian Assured lives Mortality (2006-08) Ultimate	Indian Assured lives Mortality (2006-08) Ultimate				

Experience Adjustments:

		Year Ending				
		Mar-13	Mar-14	Mar-15	Mar-16	Mar-17
1	Defined Benefit obligation at end of the year	39.60	60.14	91.92	131.66	257.66
2	Plan assets at the end of year	35.88	48.93	90.86	125.44	144.97
3	Funded Status Surplus/ (Deficit)	(3.72)	(11.21)	(1.06)	(6.22)	(112.69)
4	Experience adjustments on plan liabilities (gain)/loss	(6.77)	(10.35)	(20.08)	(30.71)	21.08
5	Experience adjustments on plan assets gain/(loss)	–	–	–	–	–

2.9 The company's main business is to provide loans for purchase or construction of residential houses. All the other activities of the company revolve around the main business. As such, there are no separate reportable segments as per the Accounting Standard on Segment Reporting (AS-17).

2.10 Earnings per share as required by Accounting Standard-20 (AS-20) read with the Guidance note on " Accounting for employee share based payments" is as follows:

Particulars	March 2017	March 2016
Net Profit after tax (Rs. In Lakhs)	**8,300.55**	6,268.03
Weighted Average Number of Equity Shares of Rs. 10/- each – Basic (In Lakhs)	**765.80**	657.92
Weighted Average Number of Equity Shares of Rs. 10/- each – Diluted (In Lakhs)	**765.80**	657.92
Basic Earnings Per Share (Rs.)	**10.84**	9.53
Diluted Earnings Per Share (Rs.)	**10.84**	9.53

2.11 The company has incurred a cost of Rs. 86.82 Lakhs (previous year Rs. 113.98 Lakhs) towards ESOP granted to its employees by Mahindra and Mahindra Financial Services Limited (MMFSL) and Rs. 2.06 Lakhs (previous year Rs. NIL) towards ESOP granted to its employees by Mahindra & Mahindra Limited.

2.12 The Board of Directors have recommended a dividend of Rs. 1.50 per share on 9,51,32,166 Equity Shares of Rs. 10/- each for the financial year. The dividend payout shall absorb a sum of Rs. 1,717.52 Lakhs (including Dividend Distribution Tax). The company has complied with the Companies (Accounting Standards) Amendment Rules 2016, issued by the Ministry of Corporate Affairs, vide its Notification No. G.S.R.364 (E) dated 30th March, 2016.

2.13 The company has incurred an expenditure in Foreign Currency towards:

- Foreign Travel Expenses — Rs. 2.25 Lakhs (previous year Rs. 2.93 Lakhs)

2.14 Related Party Disclosure as per Accounting Standard 18 and in compliance with NHB Notification no. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated, February 9th, 2017:

List of the related parties which have transactions with our Company during the Year:

Ultimate Holding Company	Mahindra and Mahindra Limited
Holding Company	Mahindra and Mahindra Financial Services Limited
Fellow subsidiary Companies:	Mahindra Insurance Brokers Limited
	Mahindra First Choice Services Limited
	NBS International Limited
	Mahindra Asset Management Company Private Limited
	Mahindra Integrated Business Solutions Private Limited
Key Management Personnel:	Mr. Anuj Mehra (Managing Director)

Rs. In Lakhs

Sr. No.	Nature of transactions		Holding Companies	Fellow Subsidiary Companies	Key Management Personnel
1	**Expenses**				
	Interest	Mahindra & Mahindra Financial Services Limited	213.44		
			(567.27)		
		Mahindra Insurance Brokers Limited		589.78	
				(411.71)	
		Mahindra AMC Private Limited		310.25	
				(2.79)	
	Other Expenses	Mahindra & Mahindra Limited	209.26		
			(15.56)		
		Mahindra & Mahindra Financial Services Limited	588.01		
			(493.73)		
		Mahindra First Choice Services Limited		1.28	
				(0.83)	
		NBS International Limited		0.15	
				(0.03)	
		Mahindra Integrated Business Solutions Private Limited		102.55	
				(14.88)	
		Mahindra Holidays & Resorts India Limited		–	
				(2.24)	
	Employee Remuneration	Mahindra & Mahindra Financial Services Limited	86.82		
			(113.98)		
		Mahindra & Mahindra Limited	2.06		
			–		
		Mr. Anuj Mehra			191.99
					(195.58)

Rs. In Lakhs

Sr. No.	Nature of transactions		Holding Companies	Fellow Subsidiary Companies	Key Management Personnel
2	**Equity Shares (Including Premium)**	Mahindra & Mahindra Financial Services Limited	11,375.00 (3,497.22)		
3	**Purchase of Fixed Assets (including CWIP & Capital Advance)**	Mahindra & Mahindra Limited	111.92 (54.71)		
		Mahindra & Mahindra Financial Services Limited	13.98 –		
		NBS International Limited		3.27 –	
4	**Dividend**				
	Dividend paid – for previous year (FY15-16)	Mahindra & Mahindra Financial Services Limited	927.68 (747.76)		
5	**Finance**				
	Inter Corporate Deposits taken	Mahindra Insurance Brokers Limited	8,350.00	–	
		Mahindra AMC Private Limited		200.00 (55.00) –	
	Inter Corporate Deposits repaid	Mahindra & Mahindra Financial Services Limited	4,656.50 –		
		Mahindra Insurance Brokers Limited		2,200.00 (250.00)	
		Mahindra AMC Private Limited		55.00 –	
6	**Balances at the end of the Year**				
	Unsecured Subordinate Debts placed (including interest accrued)	Mahindra & Mahindra Financial Services Limited	700.57 (700.76)		
		Mahindra AMC Private Limited		4,856.15 –	
	Inter Corporate Deposits outstanding (including interest accrued but not due)	Mahindra & Mahindra Financial Services Limited	– (5,189.14)		
		Mahindra Insurance Brokers Limited		10,674.66 (4,347.05)	
		Mahindra AMC Private Limited		214.55 (57.51)	
	Payables	Mahindra & Mahindra Limited	180.79 (10.34)		
		Mahindra & Mahindra Financial Services Limited	95.91 (66.57)		
		Mahindra Insurance Brokers Limited		17.01 (7.88)	
		Mahindra First Choice Services Limited		– (0.65)	
		Mahindra Integrated Business Solutions Private Limited		5.80 (0.74)	

Notes:

i) Figures in bracket represent corresponding figures of previous year.

2.15 Disclosure on Specified Bank Notes (SBNs)

Pursuant to Notification No. G.S.R. 308 (E) dated March 30, 2017 issued by the Ministry of Corporate Affairs requiring the Companies to disclose the details of Specified Bank Notes (SBNs) held and transacted during the period from November 8, 2016 to December 30, 2016, the Company provides here below the required details:

Rs. in Lakhs

Particulars	SBNs *	Other Denomination Notes	Total
Closing Cash in hand as on November 8th, 2016	**390.05**	**49.57**	**439.62**
+ Permitted receipts	–	7,707.93	7,707.93
– Permitted payments	–	1.89	1.89
– Amount deposited in Banks	390.05	7,483.12	7,873.17
Closing Cash in hand as on December 30th, 2016	**–**	**272.49**	**272.49**

* For the purpose of this clause, the term "Specified Bank Notes" shall have the same meaning provided in the Notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

2.16 Based on and to the extent of the information received by the Company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) and relied upon by the auditors, there are no amounts due to MSME as at March 31st, 2017.

The relevant particulars as at the year-end as required under the MSMED Act are furnished here below:

Rs. in Lakhs

Particulars		March-17	March-16
a)	Principal amount due and remaining unpaid to suppliers as at the year end	**–**	–
b)	Interest accrued and due to suppliers on the above amount as at the year end	**–**	–
c)	Interest paid to suppliers in terms of Section 16 of the MSMED Act	**–**	–
d)	Payment made to suppliers (other than interest) beyond the appointed day, during the year	**–**	–
e)	Interest paid to suppliers (other than Section 16 of the MSMED Act)	**–**	–
f)	Interest due and payable to suppliers for payments already made (for the period of delay, if any)	**–**	–
g)	Interest accrued and remaining unpaid at the year end	**–**	–
h)	Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	**–**	–

B. Additional Disclosures as prescribed by National Housing Bank (NHB) vide Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017.

3.1 Capital

Rs. in Lakhs

Particulars		March-17	March-16
(i)	CRAR (%)	**30.5%**	23.6%
(ii)	CRAR – Tier I Capital (%)	**21.3%**	18.3%
(iii)	CRAR – Tier II Capital (%)	**9.3%**	5.3%
(iv)	Amount of subordinated debt raised as Tier – II Capital	**18,900**	6,700
(v)	Amount raised by issue of Perpetual Debt Instruments	**Nil**	Nil

3.2 Investments

The company has not made any investments during the current year or previous year and hence the provisions of point no. 3.3, Annexure 4 of NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017 is not applicable to the company.

3.3 Derivatives

The company has not entered into any derivatives during the current year or previous year and hence the provisions of point no. 3.4, Annexure 4 of NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017 is not applicable to the Company.

3.4 Securitization

The company has not entered into any transactions of securitization/ assignment during the current year or previous year and hence the provisions of point no. 3.5, Annexure 4 of NHB Notification No. NHB.HFC. CG-DIR.1/MD&CEO/2016 dated February 9th, 2017 is not applicable to the Company.

3.5 Assets Liability Management

Rs. In Lakhs

Particulars	Upto 31 days (one month)	Over 1 month & up to 2 months	Over 2 months & up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years & up to 7 years	Over 7 years & up to 10 years	Over 10 years	Total
Liabilities											
Deposits	–	–	–	–	–	–	–	–	–	–	–
Borrowings from Bank	41,577	18,914	965	12,762	45,233	126,502	68,077	–	–	–	314,030
Market Borrowings	5,975	6,200	10,500	375	17,300	24,900	21,350	–	19,200	–	105,800
Foreign Currency Liabilities	–	–	–	–	–	–	–	–	–	–	–
Assets											
Advances	10,132	7,345	7,177	24,652	47,452	162,581	139,429	52,209	12,701	23,214	486,892
Investments	–	–	–	–	–	–	–	–	–	–	–
Foreign Currency Assets	–	–	–	–	–	–	–	–	–	–	–

3.6 Exposure

3.6.1 Exposure to real estate sector

Rs. In Lakhs

		Category	March 2017	March 2016
a)	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;	**481,926**	326,452
		Of the above Individual housing loan upto Rs.15 lakh	**472,623**	321,573
	(ii)	Commercial Real Estate -		
		Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits	**Nil**	Nil
	(iii)	Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
		a) Residential	**Nil**	Nil
		b) Commercial Real Estate	**Nil**	Nil
b)	Indirect Exposure			
		Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	**Nil**	Nil

3.6.2 The Company does not have any exposure towards capital market and hence the provisions of point no. 3.7.2, Annexure 4 of NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017 is not applicable to the Company.

3.6.3 The Company has not financed any parent company products and hence the provisions of point no. 3.7.3, Annexure 4 of NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017 is not applicable to the Company.

3.6.4 The Company has not exceeded the prudential exposure limits w.r.t Single Borrower Limit (SBL)/Group Borrower Limit (GBL) and hence the provisions of point no. 3.7.4, Annexure 4 of NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017 is not applicable to the Company.

3.6.5 The Company has not given any unsecured advances against collateral of rights, licenses, authorisations, etc. and hence the provisions of point no. 3.7.5, Annexure 4 of NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017 is not applicable to the Company.

3.7 Miscellaneous

3.7.1 The Company has not obtained registration from any Financial sector regulator other than National Housing Bank.

3.7.2 No Penalty has been imposed on the company by National Housing Bank.

3.7.3 Related Party Policy:

All Contracts/arrangements/transactions entered into by the Company during the Financial Year with related parties were in the ordinary course of business and on an arm's length basis.

Pursuant to section 134(3)(h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, there are no transactions to be reported under Section 188(1) of The Companies Act, 2013. Accordingly, the disclosure of Related Party Transactions as required under section 134(3)(h) of The Companies Act, 2013 in Form AOC 2 is not applicable.

The Policy on Related Party Transactions as approved by the Audit Committee and the Board of Directors of the company is uploaded on the website of the company and same can be accessed on the web link: www.mahindrahomefinance.com. The same also forms apart of Boards report to the Shareholders.

3.7.4 Rating assigned by Credit Rating Agencies and migration of rating during the year.

During the year under review, India Rating & Research Private Limited has reaffirmed the rating to the Company's Bank facilities, Non-Convertible Debentures and Subordinated Debt as 'IND AA+'with stable outlook and 'IND A1+' rating to the Commercial paper Issued by the Company.

Credit Analysis & Research Limited has assigned the 'CARE AA+/stable' rating to the Company's Non-Convertible Debentures and reaffirmed the rating as 'CARE AA+/stable' to the Subordinated Debt of the Company.

CRISIL has upgraded its rating on long-term debt instrument to 'CRISIL AA/+Stable' from 'CRISIL AA/-Stable' and reaffirmed the rating as 'CRISIL A1+' to the Commercial paper Issued by the Company.

3.7.5 Remuneration of Independent Directors

Rs. In Lakhs

Particulars of Remuneration	Names of Directors			
Independent Directors	Mr. Nityanath Ghanekar	Mrs. Anjali Raina	Mr. Narendra Mairpady	Total
Fee for attending Board/ Committee Meetings	2.60	3.70	2.50	8.80
Commission	5.00	5.00	5.00	15.00
Other	NIL	NIL	NIL	NIL
Total	**7.60**	**8.70**	**7.50**	**23.80**

3.8 Other Disclosures

3.8.1 Provisions and Contingencies.

Rs. In Lakhs

Breakup of "Provisions & Contingencies" shown under the head Expenditure in Statement of Profit and Loss		March 2017	March 2016
1.	Provisions for depreciation on Investment	**–**	–
2.	Provision made towards Income Tax	**4,389.71**	3,401.61
3.	Provision towards NPA	**5,537.93**	3,112.64
4.	Provision for Standard Assets (with details like teaser loan, CRE, CRE-RH etc.)	**545.36**	422.75
5.	Other Provision and Contingencies (with details)	**–**	–

The Company has complied with norms prescribed under Housing Finance Companies (NHB) Directions, 2010 for recognizing Non-performing Assets in preparation of accounts.

Rs. In Lakhs

Breakup of Loan & Advances and Provisions thereon		Housing		Non Housing	
		March 2017	March 2016	March 2017	March 2016
Standard Assets					
a)	Total Outstanding Amount	**433,984.02**	302,346.98	**5,909.62**	1,239.66
b)	Provisions made	**1,736.05**	1,209.42	**23.71**	4.98

Rs. In Lakhs

Breakup of Loan & Advances and Provisions thereon	Housing		Non Housing	
	March 2017	March 2016	**March 2017**	March 2016
Sub-Standard Assets				
a) Total Outstanding Amount	**28,442.88**	14,346.37	**22.35**	1.82
b) Provisions made	**4,891.47**	2,554.84	**3.70**	0.27
Doubtful Assets - Category - I				
a) Total Outstanding Amount	**10,887.42**	5,382.39	**0.23**	
b) Provisions made	**3,161.04**	1,556.53	**0.06**	
Doubtful Assets - Category - II				
a) Total Outstanding Amount	**6,863.88**	3,706.45		
b) Provisions made	**2,964.21**	1,538.43		
Doubtful Assets - Category - III				
a) Total Outstanding Amount	**296.11**	117.18	**3.15**	
b) Provisions made	**296.11**	117.18	**3.15**	
Loss Assets				
a) Total Outstanding Amount	**117.22**	131.76		
b) Provisions made	**117.22**	131.76		
TOTAL				
a) Total Outstanding Amount	**480,591.53**	326,031.13	**5,935.35**	1,241.48
b) Provisions made	**13,166.10**	7,108.17	**30.62**	5.25

Loan receivable includes Rs. 11,097.45 Lakhs outstanding towards financing of insurance as of March 31st 2017 and Rs. 7,720.20 Lakhs as of March 31st 2016.

The company has made adequate provision for Non Performing Assets identified, in accordance with the Housing Finance Companies (NHB) Directions, 2010. As per the practice consistently followed, the Company has also made additional provision on prudential basis. The cumulative additional provision made by the company as on 31st March 2017 is Rs. 1,216.22 Lakhs (March 2016: Rs. 612.67 Lakhs).

In line with Notification No. NHB.HFC.DIR.3/CMD/2011 issued by National Housing Bank, the company has made a provision @ 0.40 % on outstanding Standard Assets.

In accordance with Accounting Standard 29 (AS-29) "Provisions, Contingent Liabilities and Contingent Assets", the following are the details of the movement in provisions for the year ending March 31st 2017:

Rs. in Lakhs

Movement of provisions for NPAs (excluding provisions on standard assets)	March 2017	March 2016
a) Opening Balance	**5,899.02**	2,786.38
b) Provisions made during the year	**5,966.88**	3,245.95
c) Write-off of short provision/write-back of excess provisions	**(428.95)**	(133.31)
d) Closing Balance	**11,436.95**	5,899.02

Rs. in Lakhs

Movement of provisions for Standard assets	March 2017	March 2016
a) Opening Balance	**1,214.40**	791.65
b) Provisions made during the year	**545.36**	422.75
c) Closing Balance	**1,759.76**	1,214.40

3.8.2 Draw Down from Reserves

The company has not withdrawn any amount from any reserve in the current year or in the previous year.

3.8.3 Concentration of Public Deposits, Advances, Exposures and NPAs

3.8.3.1 The company is non deposit accepting Housing Finance Company, hence there are no public deposits and hence the provisions of point no. 5.3.1, Annexure 4 of NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017 is not applicable to the Company.

3.8.3.2 Concentration of Loans & Advances

Rs. In Lakhs

Particulars	March 2017	March 2016
Total Loans & Advances to twenty largest borrowers	**591.44**	564.28
Percentage of Loans & Advances to Twenty largest borrowers to Total Advances of the HFC	**0.12%**	0.17%

3.8.3.3 Concentration of all Exposure (Including off-balance sheet exposure)

Rs. In Lakhs

Particulars	March 2017	March 2016
Total Exposure to twenty largest borrowers / customers	**633.50**	591.50
Percentage of Exposure to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers	**0.12%**	0.12%

3.8.3.4 Concentration of NPAs

Rs. In Lakhs

Particulars	March 2017	March 2016
Total Exposure to top ten NPA accounts	**222.96**	145.73

3.8.3.5 Sector – wise NPAs

Sr. No.	Sector	Percentage of NPAs to Total Advances in that sector
A.	**Housing Loans:**	
1	Individuals	9.70%
2	Builders/Project Loans	Nil
3	Corporates	Nil
4	Others (specify)	Nil
B.	**Non-Housing Loans:**	
1	Individuals	1.46%
2	Builders/Project Loans	Nil
3	Corporates	Nil
4	Others (specify)	Nil

3.8.4 Movement of NPAs

Rs. in Lakhs

Particulars	March 2017	March 2016
(I) Net NPAs to Net Advances (%)	**7.47%**	5.55%
(II) Movement of NPAs (Gross)		
a) Opening Balance	**23,685.97**	12,265.28
b) Additions during the year	**26,534.34**	13,422.70
c) Reductions during the year	**3,587.06**	2,002.01
d) Closing Balance	**46,633.25**	23,685.97

Rs. in Lakhs

Particulars			March 2017	March 2016
(III)	Movement of Net NPAs			
	a)	Opening Balance	**17,786.95**	9,478.90
	b)	Additions during the year	**20,567.46**	10,176.75
	c)	Reductions during the year	**3,158.11**	1,868.70
	d)	Closing Balance	**35,196.30**	17,786.95
(IV)	Movement of provisions for NPAs (excluding provisions on standard assets)			
	a)	Opening Balance	**5,899.02**	2,786.38
	b)	Provisions made during the year	**5,966.88**	3,245.95
	c)	Write-off of short provision/write-back of excess provisions	**(428.95)**	(133.31)
	d)	Closing Balance	**11,436.95**	5,899.02

3.8.5 Overseas Assets

The company does not own any overseas asset and hence the provisions of point no. 5.5, Annexure 4 of NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017 is not applicable to the Company.

3.8.6 The Company does not have any of balance sheet SPVs sponsored and hence the provisions of point no. 5.6, Annexure 4 of NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017 is not applicable to the Company.

3.9 Disclosure of Complaints

3.9.1 Customers Complaints

Particulars		March 2017	March 2016
a)	No. of complaints pending at the beginning of the year	**Nil**	Nil
b)	No. of complaints received during the year	**9**	6
c)	No. of complaints redressed during the year	**9**	6
d)	No. of complaints pending at the end of the year	**Nil**	Nil

3.10 Previous year's figures have been regrouped/reclassified wherever found necessary, to conform to current year's classification.

Signatures to Notes 1 to 26.

For B. K. KHARE & CO.
Chartered Accountants
(Firm Registration No.: 105102W)

Ramesh Iyer
Chairman

Nityanath Ghanekar
Director

Anjali Raina
Director

V. Ravi
Director

Shirish Rahalkar
Partner
Membership no. 111212

K. Chakravarthy
Director

K. Chandrasekar
Director

M. Narendra
Director

Anuj Mehra
Managing Director

Place: Mumbai
Date: 17th April 2017

Navin Joshi
Company Secretary

Dharmesh Vakharia
Chief Financial Officer

BOARD'S REPORT

To,

The Members of
Mahindra Asset Management Company Private Limited

Your Directors are pleased to present their Fourth Report together with the Financial Statements of your Company for the Financial Year ended 31st March, 2017.

FINANCIAL RESULTS

Amount in Rs. Lakhs

Particulars	**Year ended 31st March, 2017**	Year ended 31st March, 2016
Total Revenue	**881.14**	119.58
Less: Employee benefits expense	**1,401.08**	357.00
Depreciation and Amortisation expense	**52.32**	3.57
Other expenses	**1,475.09**	204.03
Total Expenses	**2,928.50**	564.60
Profit /(Loss) Before Tax	**(2,047.36)**	(445.02)
Less: Tax expense		
(1) Current Tax	**0.00**	0.00
(2) Deferred Tax	**0.00**	0.00
Profit/(Loss) for the year	**(2,047.36)**	(445.02)
Profit/(Loss) brought forward from previous years	**(451.29)**	(6.27)
Transfer to Reserves	–	–

DIVIDEND

In view of the losses incurred by the Company, your Directors do not recommend any dividend for the year under consideration.

TRANSFER TO RESERVES

In view of the losses incurred by the Company for the year under consideration, no amount has been transferred to reserves.

OPERATIONS

Your Company was incorporated with an objective to act as investment managers, consultants, advisors for mutual funds, unit trusts, venture capital funds, etc. On 4th February, 2016, your Company received license from the Securities and Exchange Board of India (SEBI) to act as an Investment Manager for the schemes of Mahindra Mutual Fund. Your Company received approval for six products during the year 2016-17. Of these six products, your Company launched the following four products in the market:

1. Mahindra Liquid Fund (an open-ended liquid scheme);
2. Mahindra Mutual Fund Kar Bachat Yojana (an open-ended ELSS scheme investing in equity securities);
3. Mahindra Mutual Fund Dhan Sanchay Yojana (an open-ended equity scheme investing in equity securities, equity derivatives and debt securities); and
4. Mahindra Mutual Fund Alp Samay Bachat Yojana (an open-ended income scheme investing in debt securities).

In addition to the above schemes, your Company also received approval for Mahindra Mutual Fund Badhat Yojana (an open-ended equity scheme investing in equity securities) as well as Mahindra Mutual Fund Bal Vikas Yojana (an open-ended balanced scheme investing in a mix of equity and debt securities). Your Company had spent the first quarter of the year in testing its systems and procedures, opening new offices as well as recruitment of additional personnel to prepare for the launch of the schemes. Your Company has opened six branches during the year and hired close to one hundred employees across the country. The Assets Under Management in these four schemes were Rs. 2,050 crores in the month of March 2017. Of these assets, Rs. 319 crores were in the two equity schemes. Your Company has empanelled more than 4,100 distributors and opened 37,814 investor accounts in these schemes. During the next year, your Company will continue to expand its product range as well as increase its engagement activities with the distributors and customers via new offices and employees across the country. Your Company managed to achieve a market share of 0.1 percent and was placed at the 31st rank among the 42 Asset Management Companies.

Your Directors would like to present the overview of the Economy and Financial Markets in general and the Mutual Fund Industry in particular.

Indian Economy

The year 2016-17 was marked by several historic economic policy developments.

A constitutional amendment paving the way for the Goods and Services Tax (GST) and withdrawal/demonetisation of specified bank notes, affecting 86 percent of the currency in circulation, were indeed transformational economic events during the year.

The second advance estimate of Gross Domestic Product (GDP) released by the Central Statistics Office in February 2017 estimated the real GDP growth (constant 2011-12 prices) in 2016-17 at 7.10 percent (7.90 percent in 2015-2016) and also a sharp deceleration in Gross Value Added (GVA) with real GVA (at basic prices) growing at 6.70 percent against 7.80 percent in 2015-2016.

Inflation measured by Consumer Price Index (CPI) remained benign, averaging around 4.50 percent during the year and the exchange rate measured against the US Dollar strongly appreciated in the last quarter and closed at around 64.85 appreciating by around 2 percent on a year-on-year basis. The country also witnessed strong Foreign Direct Investment (FDI) flows during the year which led to this appreciation.

The year also witnessed some strong policy initiatives. Codification of institutional arrangement of the monetary policy framework with the Reserve Bank of India (RBI), some changes in Bankruptcy Code and a stronger legal basis for Aadhar.

Equity Markets

It was a year of highs. The S&P BSE Sensex ended the year with gains of 16.90 percent to close at 29,620 while the NIFTY 50 closed with gains of 18.50 percent to close at 9,173. The S&P BSE midcap index rallied much more than the frontline indices and closed higher by around 33 percent during the year.

The strong rally was led predominantly by metals, commodities and energy sectors while the banks and financial sector also had a handsome contribution to this rise. The IT services sector and the pharmaceutical sector witnessed a weak bias during the year. The year also witnessed strong institutional flows with Foreign Institutional Investors (FIIs) investing record inflows of around Rs. 55,700 crores.

India, with her strong macroeconomic fundamentals and a stable political economy, continues to be a preferred destination for FIIs within the emerging market bucket. With retail financial savings in the form of mutual fund inflows too flowing into the equity markets, the equity indices are expected, amidst volatility, to remain strong.

Fixed Income Markets

The RBI cut the benchmark repo rate by 50 basis points (bps) during the financial year. However the RBI, in its February 2017 monetary policy, shifted its stance to "Neutral" from the earlier "Accommodative" bias. The twin events of BREXIT and demonetisation led to a rally in the benchmark 10 year gilt prices and its yield touched a low of 6.20 percent during the financial year. However, as the RBI shifted its stance of monetary policy (highlighting inflationary biases), the yield of the 10 year security edged higher and closed at 6.70 percent, lower by around 80 bps for the year.

Global Events

Two Global events dominated the year: Great Britain's exit from the European Union (and the event called BREXIT thereafter) and the election of Mr. Donald Trump as the US President.

While BREXIT initially caused some sell off in the equity markets and drop in bond yields, the markets quickly shrugged off the event. Mr. Trump's election and his intended policy focus on infrastructure development, immigration, healthcare and taxes provided a leg-up to the equity markets. The US Federal Reserve too raised its Fed Funds target rate range by 50 bps during the year and the US 10 year gilt hardened by around 60 bps to close at 2.40 percent.

Overview of the Mutual Fund Industry

The Mutual Fund Industry continued its robust growth during F.Y. 2016-17. The Assets under Management (AUM) as on 31st March, 2017 were Rs. 17.54 lakh crores compared to Rs. 12.32 lakh crores as on 31st March, 2016. Assets grew by 42 percent during the year. Assets have grown almost 300 percent over the last five years. During these five years, investors have reduced their preference for close-ended schemes and have moved their assets into open-ended schemes. The proportion of assets in close-ended schemes has declined to 10 percent from 23 percent over the last five years.

Net flows into mutual funds during the year were Rs. 3.43 lakh crores showing a sharp jump of 255 percent over the previous year. Inflows into balanced schemes have grown by 185 percent over the last year. Further, inflows into debt and liquid schemes also grew substantially over the last year and accounted for the major increase in net inflows over the last year.

The top ten players lost market share during this year. Their combined share of total assets fell to 74 percent from 79.5 percent last year.

The Mutual Fund Industry has been showing robust growth over the last five years. In spite of this growth, mutual fund penetration continues to remain low in terms of number of unique household accounts. Therefore, the potential for future growth is quite high and the industry will continue to attract new households from the smaller towns and cities as well as urban centres. Your Company aims to reach customers in the smaller towns by leveraging the Mahindra brand as well as distribution reach of its parent, Mahindra & Mahindra Financial Services Limited. Your Company will also leverage the traditional distributors of mutual fund products viz banks, national distributors as well as individual distributors to welcome new customers to the Mahindra family.

SHARE CAPITAL

During the year under consideration, the Authorised Share Capital of your Company was increased from Rs.76,00,00,000 (Rupees Seventy-Six Crores) divided into 7,60,00,000 (Seven Crores Sixty Lacs) Equity Shares of Rs.10 (Rupees Ten) each to Rs 110,00,00,000 (Rupees One Hundred and Ten crores) divided into 11,00,00,000 (Eleven Crores) shares of Rs. 10 (Ten) each. The increase in the Authorised Share Capital was pursuant to the approval of the Members granted at the Extraordinary General Meeting held on 21st July, 2016.

During the year under consideration, 3,04,50,000 (Three Crores Four Lakhs Fifty Thousand) Equity Shares of Rs. 10 each aggregating to Rs. 30,45,00,000 (Rupees Thirty Crores Forty Five Lakhs) were issued and allotted for cash at par on a Rights basis to the existing Shareholders of the Company. Post allotment of Equity Shares as aforesaid, the issued, subscribed and paid-up Share Capital of the Company stands at Rs. 91,00,00,000 (Rupees Ninety One Crores) comprising of 9,10,00,000 (Nine Crores Ten Lakhs) Equity Shares of Rs. 10 each, fully paid-up.

During the year under consideration, the Company has neither issued shares with differential voting rights as to dividend, voting or otherwise nor has issued any sweat equity. The Company has not formulated any Employees' Stock Option Scheme during the year under consideration. There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which, loan was given by the Company.

As on 31st March, 2017, none of the Directors of the Company hold instruments convertible into Equity Shares of the Company.

DIRECTORS

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. V. Ravi (DIN:00307328), Non-Executive Non-Independent Director of the Company retires by rotation at the forthcoming Annual General Meeting scheduled to be held on 14th July, 2017 and being eligible, offers himself for re-appointment.

The Central Government, vide their order dated 21st June, 2016, granted approval to the appointment of Mr. Ashutosh Bishnoi as the Managing Director & Chief Executive Officer for a period of 3 years with effect from 12th October, 2015 to 11th October, 2018 for a total remuneration of Rs. 1,20,00,000 (Rupees One Crore Twenty Lakhs only) per annum, for the period of 3 years mentioned above.

However, the Central Government, vide its notification dated 12th September, 2016, amended the provisions of Schedule V of the Companies Act, 2013, by replacing the existing section II with the new section II. As per part B of the new section II, even if, in any financial year, during the currency of the tenure of a managerial person, a company has no profits or its profits are inadequate, still no approval of the Central Government is necessary for payment of remuneration to a managerial person, if such managerial person fulfills the criteria mentioned in the said notificiation. Mr. Ashutosh Bishnoi fulfilled the prescribed criteria and hence, considering his acumen, experience and expertise and also his contribution as the Managing Director and Chief Executive Officer of the Company, the Nomination and Remuneration Committee, at its Meeting held on 21st September, 2016, recommended to the Board the revision in the remuneration payable to Mr. Ashutosh Bishnoi. The Board of Directors, approved the revision in the remuneration of Mr. Ashutosh Bishnoi, subject to the approval of the shareholders. The shareholders at their Extraordinary General Meeting held on 17th October, 2016, approved the revision in the remuneration of Mr. Ashutosh Bishnoi, as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.

KEY MANAGERIAL PERSONNEL

Mr. Rajesh Vasudevan resigned as the Chief Financial Officer of the Company with effect from 6th June, 2016.

Mr. Sanjay Parikh was appointed as the Chief Financial Officer of the Company with effect from 14th June, 2016.

Mr. Abhijeet Gogate resigned as the Company Secretary with effect from 6th June, 2016.

Mr. Basavraj Loni was appointed as the Company Secretary of the Company with effect from 14th June, 2016.

Mr. Ashutosh Bishnoi, Managing Director & Chief Executive Officer; Mr. Sanjay Parikh, Chief Financial Officer and Mr. Basavraj Loni, Company Secretary are the Key Managerial Personnel of the Company as per the provisions of Section 203 of the Companies Act, 2013.

COMPOSITION OF THE BOARD

The composition of the Board of Directors of your Company is in conformity with the provisions of the Companies Act, 2013, as amended from time to time. The Company has a Non-Executive Non-Independent Chairman, a Managing Director and two Independent Directors. The Board reviews and approves strategy and oversees the actions and results of management to ensure that the long term objectives of enhancing stakeholders' value are met.

None of the Independent Directors are due for re-appointment. None of the Directors hold directorships in more than 10 public companies. None of the Directors are related to each other.

BOARD MEETINGS AND ANNUAL GENERAL MEETING

During the Financial Year 2016-17, the Board of Directors met seven times: on 12th April, 2016, 14th June, 2016, 12th July, 2016, 21st September, 2016, 17th October, 2016, 19th December, 2016 and 12th January, 2017.

The names and categories of the Directors of the Company, their attendance at the Board Meetings held during the

Financial Year 2016-17 and at the last Annual General Meeting (AGM) of the Company held on 12th July, 2016, are as follows:

Names of Directors	Category	Attendance at the Board Meetings held during F.Y. 2016-17		Attendance at the last Annual General Meeting held on 12th July, 2016 (Yes/No/N.A.)
		Held	Attended	
Mr. V. Ravi (Chairman)	Non-Executive Non-Independent Director	7	7	Yes
Mr. Ashutosh Bishnoi (Managing Director & Chief Executive Officer)	Executive Director	7	7	Yes
Mr. Gautam Divan	Independent Director	7	7	Yes
Mr. Sethu Gururajan	Independent Director	7	7	Yes

COMMITTEES OF THE BOARD

a) Audit Committee

As on 31st March, 2017, the Audit Committee comprised of two Independent Directors and one Non-Executive Non-Independent Director. The Committee is comprised of Mr. Gautam Divan (Chairman) and Mr. Sethu Gururajan, both Independent Directors and Mr. V. Ravi, Non-Executive Non-Independent Director.

The Audit Committee met five times during the year under consideration: on 12th April, 2016, 12th July, 2016, 17th October, 2016, 19th December, 2016 and 12th January, 2017. All the members of the Committee were present at the said Meetings of the Audit Committee. All the recommendations made by the Audit Committee have been accepted by the Board.

The terms of reference of the Audit Committee are as follows:

(i) To recommend the appointment, remuneration and terms of appointment of auditors of the company;

(ii) To review and monitor the auditor's independence, performance and effectiveness of audit process;

(iii) To meet the Internal Auditors and the Statutory Auditors periodically and to discuss the scope of audit, observations of the Auditors and other related matters;

(iv) To have discussion with the Internal Auditors periodically about internal control systems and to ensure compliance of internal control systems;

(v) Examination of the financial statement and the auditors' report thereon;

(vi) Approval or any subsequent modification of transactions of the Company with related parties;

(vii) Scrutiny of inter-corporate loans and investments;

(viii) Valuation of undertakings or assets of the Company, wherever it is necessary;

(ix) Evaluation of internal financial controls and risk management systems; and

(x) Monitoring the end use of funds raised through public offers and related matters, wherever it is necessary.

b) Nomination and Remuneration Committee

As on 31st March, 2017, the Nomination and Remuneration Committee comprised of two Independent Directors and one Non-Executive Non-Independent Director.

The Committee comprises of Mr. Sethu Gururajan (Chairman) and Mr. Gautam Divan, both Independent Directors and Mr. V. Ravi, Non-Executive and Non-Independent Director.

The Nomination and Remuneration Committee met thrice during the year under consideration: on 12th April, 2016, 14th June, 2016 and 21st September, 2016. All the members of the Committee were present at the said Meetings of the Nomination and Remuneration Committee.

The terms of reference of the Nomination and Remuneration Committee are as follows:

a) To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria to be laid down, recommend to the Board their appointment and removal;

b) To carry out evaluation of every director's performance;

c) To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees. While formulating the policy, the Committee shall ensure that—

   i. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;

   ii. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

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

d) To govern, administer, control and manage from time to time the schemes for rewarding employees by way of stock options, stock appreciation rights or in such other manner as may be determined by the appropriate authority from time to time;

e) To discharge from time to time such other acts, duties and functions as may be assigned by the Board of Directors or prescribed under the Companies Act, 2013 or any other applicable law and Rules made thereunder.

The Company has adopted the Policy to determine qualifications, positive attributes and independence of Directors and evaluation of the Board, Committees and individual Directors; the 'Policy on Remuneration of Directors' and 'Remuneration Policy for Key Managerial Personnel and Employees' as required under sub-section (3) of Section 178 of the Companies Act, 2013. The 'Policy on Remuneration of Directors' and 'Remuneration Policy for Key Managerial Personnel and Employees' of the Company are appended as **Annexure I** to this Report in accordance with the provisions of sub-section (4) of Section 178 of the Companies Act, 2013.

Besides the aforesaid Board Committees, the Company also has an Investment Committee, a Valuation Committee, an Anti-money Laundering Committee and a Risk Management Committee. These are the committees of management formed in compliance of SEBI Regulations applicable to the Asset Management Companies.

PERFORMANCE EVALUATION OF THE BOARD

Pursuant to the provisions of the Companies Act, 2013, the Board has adopted the Evaluation Framework and carried out an annual performance evaluation of its own performance, the performance of directors individually as well as the evaluation of the working of Committees of the Board.

Well-defined and structured questionnaires were prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, areas of responsibility, execution and performance of specific duties, obligations, governance and compliance perspectives etc.

The evaluation process involves self-evaluation by the Board members and subsequent assessment by the Nomination and Remuneration Committee and the Board of Directors based on the inputs received from all the Directors through the questionnaires. In general, the Directors have expressed their satisfaction with the evaluation process.

DECLARATIONS BY INDEPENDENT DIRECTORS

The Company has received declarations from the Independent Directors confirming that they fulfil the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013.

MEETING OF INDEPENDENT DIRECTORS

The Independent Directors met once during the year under consideration. The meeting was conducted in an informal manner without the presence of the Managing Director, the Non-Executive Non-Independent Director and any of the Key Managerial Personnel.

PARTICULARS OF REMUNERATION

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

EXTRACT OF THE ANNUAL RETURN

Pursuant to sub-section 3(a) of Section 134 and sub-section (3) of Section 92 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as at 31st March, 2017 forms part of this Report and is appended as **Annexure II**.

HUMAN RESOURCES

Your Company strongly believes in maintaining the dignity of all its employees, irrespective of their gender or seniority. Discrimination and harassment of any type are strictly prohibited. The Company has taken the necessary steps to enhance awareness amongst its employees in respect of the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules framed thereunder. During the year, the Company has not received any complaints of sexual harassment.

As on 31st March, 2017, the Company had 96 permanent employees.

CODE OF CONDUCT FOR CORPORATE GOVERNANCE

The Company has adopted Code of Conduct for Corporate Governance ("the Code") for its Senior Management and Employees. The Code enunciates the underlying principles governing the conduct of the Company's business and seeks to reiterate the fundamental precept that good governance must, and would always, be an integral part of the Company's ethos.

During the year under consideration, the Company adopted the Code of Conduct for the Directors of the Company. Declarations have been received from the Directors towards the compliance with the provisions of the Code of Conduct for Directors, for the financial year 2016-17.

AUDITORS

Statutory Auditors

Messrs. B. K. Khare & Co., Chartered Accountants [ICAI Firm Registration No. 105102W], hold the office of the Statutory Auditors of the Company for a period of 5 years from the conclusion of the Annual General Meeting (AGM) held on 7th August, 2014 till the conclusion of the Sixth AGM of the Company to be held in the year 2019. The appointment is subject to the ratification by shareholders at every Annual General Meeting.

As required under the provisions of Section 139(1) read with Section 141 of the Companies Act, 2013, the Company has obtained a written certificate from Messrs. B. K. Khare & Co., Chartered Accountants, to the effect that their appointment as the Statutory Auditors, if ratified by shareholders, would be in conformity of the criteria specified in the said Sections.

Pursuant to the recommendation of the Audit Committee, the Board of Directors recommend to shareholders ratification of the appointment of Messrs. B. K. Khare & Co., Chartered Accountants as the Statutory Auditors of the Company from the forthcoming Annual General Meeting (fourth AGM) till the conclusion of the next Annual General Meeting (fifth AGM) of the Company.

The Report of Statutory Auditors forms part of this Annual Report. There is no qualification, reservation or adverse remark in the Auditors' Report.

During the year under consideration, there were no frauds on or by the Company which were required to be reported by the Statutory Auditors of the Company to the Central Government.

Secretarial Auditor

The Board of Directors of the Company, at their Meeting held on 19th December, 2016, appointed M. Siroya & Company, Company Secretaries (CP No. 4157), to conduct the Secretarial Audit of the Company pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. In accordance with the provisions of sub-section (1) of Section 204, the Secretarial Audit Report for the Financial Year 2016-17 furnished by the Secretarial Auditor is appended to this Report as **Annexure III**.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

ACCOUNTING STANDARDS FOLLOWED BY THE COMPANY

The Financial Statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) and comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 (the Act) read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Act.

INTERNAL FINANCIAL CONTROL SYSTEM

Your Company has in place, adequate internal financial controls with reference to financial statements, commensurate with the size, scale and nature of its operations.

The Management is responsible for establishing and maintaining internal controls for financial reporting. The effectiveness of the internal control systems of the Company pertaining to financial reporting is reviewed by the Statutory Auditors and the Audit Committee to ensure that Financial Statements of the Company present a true and fair view of the state of affairs of the Company.

During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

INTERNAL AUDITORS

Messrs. HARIBHAKTI & CO. LLP, Chartered Accountants are the Internal Auditors of the Company in compliance with the provisions of Section 138 of the Companies Act, 2013 read with Rule 13 of the Companies (Accounts) Rules, 2014. The report(s) of the Internal Auditors are reviewed by the Audit Committee and wherever deemed necessary, the systems are strengthened and corrective actions taken.

PARTICULARS OF LOANS, GUARANTEES, SECURITIES, INVESTMENTS

During the year under consideration, the Company invested in the Non-Convertible Debentures of Mahindra Rural Housing Finance Limited, a fellow subsidiary. The details of the investments are provided in the notes to the account at an appropriate place. The investments were within the limits pre-approved by the shareholders at their Extraordinary General Meeting held on 17th October, 2016.

The Company has not made any loan/advance in the nature of loan which is otherwise required to be disclosed in the annual accounts of the Company, the Holding Company (Mahindra & Mahindra Financial Services Limited) or the ultimate Holding Company (Mahindra & Mahindra Limited), pursuant to the provisions of Regulation 34(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with schedule V annexed to the said Regulations.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013, your Directors confirm that:

i. In the preparation of the annual accounts for the Financial Year ended 31st March, 2017, the applicable accounting standards have been followed and there are no material departures in adoption of these standards.

ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2017 and of the loss of the Company for the year ended on that date.

iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv. The Directors have prepared the annual accounts for Financial Year ended 31st March, 2017 on a 'going concern' basis.

v. The Directors have devised proper systems to ensure compliance with provisions of all applicable laws and that such systems were adequate and operating effectively.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SECTION 188(1)

Pursuant to provisions of Section 134(3)(h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, the related party transactions have been disclosed in the relevant notes to the Accounts.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the Financial Year of the Company to which the financial statements relate and the date of this Report.

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 are given in **Annexure IV**.

RISK MANAGEMENT POLICY

A Risk Management Policy for the Asset Management Business is approved by the Board of Directors and is in place. The Risk Management Committee has implemented a risk management framework and will ensure its ongoing implementation.

SUBSIDIARIES

The Company did not have any subsidiary as on 31st March, 2017 nor during the Financial Year ended on that date.

PUBLIC DEPOSITS

The Company has not accepted any deposits from public or its employees during the year under consideration. The Company did not have any deposits falling under Rule 2(i)(c) of the Companies (Acceptance of Deposits) Rules, 2014, during the year under consideration. There were no deposits which were not in compliance with the requirements of Chapter V of the Companies Act, 2013.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant material orders passed by the Regulators/Courts which would impact the going concern status of the Company and its future operations.

GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as, during the year under consideration, there were no transactions/events pertaining to these items and/or they were not applicable:

- Change in the nature of business carried out by the Company during the year under consideration.
- Payment of Remuneration or Commission to the Managing Director or the Whole Time Director of the Company from its Holding Company or from any of its subsidiaries.
- Details about the policy developed and implemented by the Company on Corporate Social Responsibility initiative taken during the year.

For and on behalf of the Board

V. Ravi
Chairman

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Mumbai, 15th April, 2017

ANNEXURE I TO THE BOARD'S REPORT

Policy on Remuneration of Directors and Remuneration Policy for Key Managerial Personnel and Employees of the Company

POLICY ON REMUNERATION OF DIRECTORS

Prelude

The Company is engaged as an investment manager to Mahindra Mutual Fund.

This Policy shall be effective from the Financial Year 2015 - 16.

Intent of the Policy

The intent of the Remuneration Policy of Directors of Mahindra Asset Management Company Private Limited ("the Company") is to focus on enhancing the value and to attract and retain quality individuals with requisite knowledge and excellence as Executive and Non-Executive Directors for achieving objectives of the Company and to place the Company in a leading position.

The Nomination and Remuneration Committee (NRC) of the Board shall, while formulating the policy ensure that —

a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully;

b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

c) remuneration to Directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

While deciding the policy on remuneration of Directors, the Committee may consider, amongst other things, the duties and responsibilities cast by the Companies Act, 2013, various Codes of Conduct, Articles of Association, restrictions on the remuneration to Directors as also the remuneration drawn by Directors of other companies in the industry, the valuable contributions and inputs from Directors based on their knowledge, experience and expertise in shaping the destiny of the Company etc. The Policy is guided by a reward framework and set of principles and objectives as more fully and particularly envisaged under Section 178 of the Companies Act, 2013 and principles pertaining to qualifications, positive attributes, integrity and independence of Directors etc.

Directors

The Managing Director /Executive Director is an executive of the Company and draws remuneration from the Company. The Non-Executive and Independent Directors may receive sitting fees for attending the meetings of the Board and the Committees thereof, if fixed by the Board of Directors from time to time subject to statutory provisions.

The Non-Executive and Independent Directors would be entitled to the remuneration under the Companies Act, 2013. A Non-Executive Non-Independent Director who receives remuneration from the Holding Company or a Group Company will not be paid any sitting fees or any remuneration. In addition to the above, the Directors are entitled for reimbursement of expenses incurred in discharge of their duties. Payment of Remuneration to Nominee Directors, if any, shall be governed by the agreement with the Financial Institution/Bank appointing the Nominee Director and by the Articles of Association of the Company.

The Managing Director /Executive Director and other eligible Director(s) as per extant statutory provisions may be granted Employees Stock Options, Stock Appreciation Rights or any other Share based Employee benefits pursuant to any scheme that may be approved by the Board of Directors and Shareholders of the Company subject to such other approvals as may be required.

Non Executive Directors may be paid remuneration either by way of monthly payment or at a specified percentage of net profits of the Company or partly by one way and partly by another, subject to the provisions of the Companies Act, 2013.

The NRC while determining the remuneration shall ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the persons to ensure the quality required to run the Company successfully. While considering the remuneration, the NRC shall also ensure a balance between fixed and performance-linked variable pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

The NRC shall consider that a successful Remuneration Policy must ensure that some part of the remuneration is linked to the achievement of corporate performance targets.

Managing Director/Executive Director

The term of office and remuneration of Managing Director/ Executive Director are subject to the approval of the Board of Directors, Shareholders and the Central Government, as may be required, and the limits laid down under the Companies Act, 2013, from time to time.

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay, subject to the requisite approvals, remuneration to its Managing Director/ Executive Director in accordance with the provisions of Schedule V of the Companies Act, 2013.

If any Managing Director /Executive Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

Remuneration of the Managing Director/Executive Director reflects the overall remuneration philosophy and guiding principle of the Company. While considering the appointment and remuneration of Managing Director/Executive Director, the NRC shall consider the industry benchmarks, merit and seniority of the person and shall ensure that the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterpart(s) in other companies.

Remuneration for Managing Director/Executive Director is designed subject to the limits laid down under the Companies Act, 2013, to remunerate them fairly and reasonably. The remuneration to the Managing Director/Executive Director comprises of salary, perquisites and performance based incentive apart from retirement benefits like Provident Fund, Superannuation, Gratuity, Leave Encashment etc., as per the Rules of the Company. Salary is paid within the range approved by the Shareholders. Increments are effective annually, as recommended/approved by the NRC/Board. In terms of the Shareholders' approval, the Commission may be paid to Managing Director/Executive Director in any Financial Year at a rate not exceeding 1/4% (one fourth percent) per annum of the profits of the Company computed in accordance with the applicable provisions of the Companies Act, 2013 as may be recommended by NRC and approved by the Board.

The total remuneration will have a flexible component with a bouquet of allowances to enable the Managing Director/ Executive Director to choose the allowances as well as the quantum based on laid down limits as per the Company policy. The flexible component can be varied only once annually.

The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRAs). Both the BSC and KRAs are evaluated at the end of the fiscal year to arrive at the BSC rating of the business and performance rating of the individual.

Remuneration also aims to motivate the Personnel to deliver Company's key business strategies, create a strong performance-oriented environment and reward achievement of meaningful targets over the short and long-term.

The Managing Director/Executive Director is entitled to customary non-monetary benefits such as company car, health care benefits, leave travel, communication facilities, etc., as per the policies of the Company. The Managing Director/Executive Director is entitled to grant of Stock Options as per the approved Stock Options Schemes of the Company from time to time.

Disclosures

Information on the total remuneration of members of the Company's Board of Directors, Managing Director /Executive Director and Key Managerial Personnel/Senior Management Personnel may be disclosed in the Board's Report as per statutory requirements laid down in this regard.

REMUNERATION POLICY FOR KEY MANAGERIAL PERSONNEL AND EMPLOYEES

This Policy shall be effective from the Financial Year 2015 - 16.

Objective

To establish guidelines for remunerating employees fairly and in keeping with Statutes.

Definition(s)

"Key Managerial Personnel" (KMP) as defined in section 2(51) of the Companies Act, 2013 means:

i) the Chief Executive Officer or the Managing Director or Manager;

ii) the Company Secretary;

iii) the Whole-time Director;

iv) the Chief Financial Officer; and

v) such other officer as may be prescribed.

Standard

The broad structure of compensation payable to employees is as under:

- Fixed pay which has components like basic salary & other allowances/flexi pay as per the grade where the employees can choose allowances from bouquet of options.
- Variable pay (to certain grades) in the form of annual/half yearly performance pay based on Key Result Areas agreed – as applicable.
- Incentives, either monthly or quarterly, based on targets in the lower grades.
- Retirals such as Provident Fund, Gratuity & Superannuation (for certain grades).
- Benefits such as Employee Stock Option Scheme, car scheme, medical & dental benefit, loans, insurance etc. as per grades.

Increments

Salary increase is given to eligible employees based on position, performance & market dynamics as decided from time to time.

ANNEXURE II 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) and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i.	CIN	U65900MH2013PTC244758
ii.	Registration Date	20th June, 2013
iii.	Name of the Company	Mahindra Asset Management Company Private Limited
iv.	Category/Sub-Category of the Company	Public Limited Company (being a subsidiary of a Public Limited Company)
v.	Address of the Registered office and contact details	4th Floor, A – Wing, Mahindra Towers, Dr. G M Bhosale Marg, P. K. Kurne Chowk, Worli Mumbai – 400018. Tel. : 91 22 6652 6000 Fax: 91 22 2498 4170
vi.	Whether listed company Yes/No	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of main products/services	NIC Code of the Product/service	Percentage to total turnover of the Company
1.	Investment Management	66301	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*	Section 2(46)
2.	Mahindra & Mahindra Financial Services Limited Gateway Building, Apollo Bunder, Mumbai - 400 001	L65921MH1991PLC059642	Holding Company	100	Section 2(46)

* There is no direct Shareholding in the Company by Mahindra & Mahindra Limited, the Ultimate Holding Company. Shares are held through Mahindra & Mahindra Financial Services Limited, Subsidiary of Mahindra & Mahindra Limited.

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

i) Category-wise Share Holding

Category of Shareholders		No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	Promoters									
(1)	Indian									
a)	Individual/HUF	–	–	–	–	–	–	–	–	–
b)	Central Govt	–	–	–	–	–	–	–	–	–
c)	State Govt(s)	–	–	–	–	–	–	–	–	–
d)	Bodies Corporate	–	6,05,50,000	6,05,50,000	100	–	9,10,00,000	9,10,00,000	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	
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A) (1)	–	6,05,50,000	6,05,50,000	100	–	9,10,00,000	9,10,00,000	100	–
(2) Foreign									
a) NRI Individuals	–	–	–	–	–	–	–	–	–
b) Other Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corporate	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A) (2)	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**–**	**6,05,50,000**	**6,05,50,000**	**100**	**–**	**9,10,00,000**	**9,10,00,000**	**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 Corporate									
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh									
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2)	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	6,05,50,000	6,05,50,000	100	–	9,10,00,000	9,10,00,000	100	–

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the Year			% change in share holding during the year
		No. of Shares	% of Total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of Total Shares of the company	% of Shares Pledged/encumbered to total shares	
1.	Mahindra & Mahindra Financial Services Limited	6,05,49,998	100	–	9,09,99,998	100	–	–
2.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Ramesh Iyer	1	–	–	1	–	–	–
3.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. V. Ravi	1	–	–	1	–	–	–
	Total	**6,05,50,000**	**100**	–	**9,10,00,000**	**100**	–	–

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

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	Mahindra & Mahindra Financial Services Limited. along with joint holders				
	At the beginning of the year	6,05,50,000	100	6,05,50,000	100
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	**Reason for increase/decrease**	**Date**	**No. of shares**	**% increase/ decrease**
		Allotment on a Rights basis	29.08.2016	1,54,50,000	Nil
		Allotment on a Rights basis	16.03.2017	1,50,00,000	Nil
		Total	–	**3,04,50,000**	**Nil**
	At the end of the year	9,10,00,000	100	9,10,00,000	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 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	Not Applicable			
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):				
	At the End of the year (or on the date of separation, if separated during the year)				

(v) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mr. V. Ravi - Director (jointly with Mahindra & Mahindra Financial Services Ltd.)				
	At the beginning of the year	1	–	1	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	No Change			
	At the End of the year	1	–	1	–
2	Mr. Ashutosh Bishnoi – Managing Director & Chief Executive Officer				
	At the beginning of the year	–	–	–	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	No Change			
	At the End of the year	–	–	–	–
3	Mr. Gautam Divan – Director				
	At the beginning of the year	–	–	–	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	No Change			
	At the End of the year	–	–	–	–
4	Mr. Sethu Gururajan – Director				
	At the beginning of the year	–	–	–	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	No Change			
	At the End of the year	–	–	–	–
5	(1)Mr. Rajesh Vasudevan – Chief Financial Officer				
	At the beginning of the year	–	–	–	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	No Change			
	At the End of the year	–	–	–	–
6	(2)Mr. Abhijeet Gogate – Company Secretary				
	At the beginning of the year	–	–	–	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	No Change			
	At the End of the year	–	–	–	–
7	(3)Mr. Sanjay Parikh– Chief Financial Officer				
	At the beginning of the year	–	–	–	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	No Change			
	At the End of the year	–	–	–	–
8	(4)Mr. Basavraj Loni – Company Secretary				
	At the beginning of the year	–	–	–	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	No Change			
	At the End of the year	–	–	–	–

Notes :

(1) Resigned as the Chief Financial Officer with effect from 6th June, 2016.

(2) Resigned as the Company Secretary with effect from 6th June, 2016.

(3) Appointed as the Chief Financial Officer with effect from 14th June, 2016.

(4) Appointed as the Company Secretary with effect from 14th June, 2016.

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
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:

Amount in Rs. Lakhs

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Managing Director – Mr. Ashutosh Bishnoi (Managing Director & Chief Executive Officer)	Whole time Director	Manager	
1.	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-Tax Act, 1961	177.24	–	–	177.24
	(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)	**177.24**	–	–	**[a]177.24**
	Ceiling as per the Act [Please see note (a)]				–

B. Remuneration to other directors:

Amount in Rs. Lakhs

Sr. No.	Particulars of Remuneration	Names of Directors		Total Amount
1.	**Independent Directors**	**Mr. Gautam Divan**	**Mr. Sethu Gururajan**	
	[b]Fee for attending board/committee meetings	5.70	5.70	11.40
	Commission	–	–	–
	Others	–	–	–
	Total (1)	5.70	5.70	**11.40**

Amount in Rs. Lakhs

Sr. No.	Particulars of Remuneration	Names of Directors		Total Amount
2.	**Other Non-Executive Directors**	**Mr. V. Ravi**		
	Fee for attending board/committee meetings	–		–
	Commission	–		–
	Others	–		–
	Total (2)	–		–
	Total (B)=(1+2)	–		**11.40**
	Total Managerial Remuneration [(A) + (B)]			**188.60**
	Overall Ceiling as per the Act [Please see note]			–

Notes:

(a) The Central Government vide its notification dated 12th September, 2016, amended the provisions of Schedule V of the Companies Act, 2013, by replacing the existing section II with the new section II. As per part B of the new section II, even if, in any financial year, during the currency of the tenure of a managerial person, a company has no profits or its profits are inadequate, still no approval of the Central Government is necessary for payment of remuneration to a managerial person, if such managerial person fulfills the criteria mentioned in the said notificiation. There are no specific limits for the payment of remuneration to such person. Mr. Ashutosh Bishnoi fulfilled the prescribed criteria and hence the Nomination and Remuneration Committee (NRC) recommended to the Board, the revision of the remuneration payable to Mr. Ashutosh Bishnoi. The Board accepted the recommendation of the NRC. The Shareholders also approved the revision in the remuneration of Mr. Ashutosh Bishnoi. The remuneration paid to Mr. Ashutosh Bishnoi is within the limits fixed by the NRC / Board /shareholders.

(b) Pursuant to the provisions of Section 197 (2) of the Companies Act, 2013, the overall ceiling on the remuneration to directors is exclusive of sitting fee paid to directors for attending the meetings of the Board or committees thereof. The sitting fees paid to directors is within the limit prescribed therefor under Section 197(5) of the Companies Act, 2013 read with rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

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

Sr. no.	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO	Company Secretary	CFO	
1.	Gross salary	–	–	–	–
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961.	–	–	58.38	58.38
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961.	–	–	0.30	0.30
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961.	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission – as % of profit – others	–	–	–	–
5.	Others	–	–	–	–
	Total	–	–	**58.68**	**58.68**

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	NONE				
Punishment					
Compounding					

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/NCLT/ COURT)	Appeal made, if any (give details)
B. DIRECTORS					
Penalty					
Punishment			NONE		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment			NONE		
Compounding					

ANNEXURE III TO THE BOARD'S 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 of Managerial Personnel) Rules, 2014]

To,
The Members,
Mahindra Asset Management Company Private Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Mahindra Asset Management Company Private Limited (hereinafter called the Company). Secretarial Audit was conducted 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 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 relevant and applicable provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder, as may be applicable;

(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; and

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment.

Based on the representation made by the Company and its officers and our verification of the relevant records on test check basis, the Company has adequate systems and processes in place for compliance under the following law applicable specifically to the Company:

- SEBI (Mutual Funds) Regulations, 1996.

Other statutes, Acts, laws, Rules, Regulations, Guidelines and Standards etc., as applicable to the Company are given below:

1. Labour Laws and other incidental laws related to 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. Stamp Acts and Registration Acts;
4. Labour Welfare Act; and
5. Such other Local laws etc. as may be applicable.

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

1. Secretarial Standards issued by The Institute of Company Secretaries of India, and
2. Listing Agreement: The Company is an unlisted Company and therefore compliance with listing agreement is not applicable.

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

We further report that the Board of the Company is duly constituted with proper balance of Executive Director, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors during the period under review.

Adequate notice was given to all the 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 & deliberations at these meetings.

During the period under review, decisions were carried through unanimously and no dissenting views were observed, while reviewing the minutes.

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

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

(i) At the Board Meeting held on June 14, 2016, inter-alia, the following resolutions were passed:

  (a) Accepted the resignation of Mr. Rajesh Vasudevan as Chief Financial Officer w.e.f. June 6, 2016;

  (b) Approved the appointment of Mr. Sanjay Parikh as Chief Financial Officer w.e.f. June 14, 2016;

  (c) Accepted the resignation of Mr. Abhijeet Gogate as Company Secretary w.e.f. June 6, 2016; and

  (d) Approved the appointment of Mr. Basavraj Loni as Company Secretary w.e.f. June 14, 2016.

(ii) At the Extra-Ordinary General Meeting of the members held on July 21, 2016, the following resolution was passed:

Increase in Authorised Share Capital of the Company from Rs. 76,00,00,000 (Rupees Seventy Six Crores) to Rs. 110,00,00,000 (Rupees One Hundred and Ten Crores), thereby altering the Memoradum of Association of the Company.

(iii) At the meeting of Allotment Committee held on August 29, 2016, inter-alia, the following resolution was passed:

Allotment of 1,54,50,000 Equity Shares of Rs. 10 each on a Right basis.

(iv) At the Extra-Ordinary General Meeting of the members held on October 17, 2016, inter-alia, the following resolutions were passed:

  (a) Revision in the Remuneration of Mr. Ashutosh Bishnoi as Managing Director and CEO; and

  (b) Investment of surplus funds upto Rs. 56,00,00,000 (Rupees Fifty Six Crores) pursuant to Section 186 of the Companies Act, 2013.

(v) At the meeting of Allotment Committee held on March 16, 2017 the following resolution was passed:

Allotment of 1,50,00,000 Equity Shares of Rs. 10 each on a Right basis.

(vi) During the year under review, the company received approval for the following Schemes of Mahindra Mutual Fund, from the Securities & Exchange Board of India (SEBI):

  (a) Mahindra Liquid Fund (An Open-ended liquid scheme);

  (b) Mahindra Mutual Fund Kar Bachat Yojana (An open-ended ELSS scheme investing in equity securities);

  (c) Mahindra Mutual Fund Dhan Sanchay Yojana (An open-ended equity scheme investing in equity securities, equity derivatives and debt securities);

  (d) Mahindra Mutual Fund Alp Samay Bachat Yojana (An open-ended income scheme investing in debt securities);

  (e) Mahindra Mutual Fund Badhat Yojana (An open-ended equity scheme investing in equity securities); and

  (f) Mahindra Mutual Fund Bal Vikas Yojana (An open-ended balanced scheme investing in a mix of equity and debt securities).

Out of these Six Schemes, the company launched the Schemes mentioned at (a) to (d) above, during the year under review.

For M Siroya and Company
Company Secretaries

Mukesh Siroya
Proprietor
FCS No.: 5682
CP No.: 4157

Date: 15th April, 2017
Place: Mumbai

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

'Annexure A'

To,
The Members,
Mahindra Asset Management Company Private Limited

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

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

For M Siroya and Company
Company Secretaries

Mukesh Siroya
Proprietor
FCS No.: 5682
CP No.: 4157

Date: 15th April, 2017
Place: Mumbai

ANNEXURE IV TO THE BOARD'S REPORT

Information pursuant to section 134(3)(m) of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014 in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo.

(A) Conservation of energy –

	i	the steps taken or impact on conservation of energy.	:	The operations of your Company are not energy intensive. However, adequate measures have been initiated to reduce energy consumption.
	ii	the steps taken by the company for utilising alternate sources of energy.	:	The operations of your company are not energy intensive.
	iii	the capital investment on energy conservation equipments.	:	Nil

(B) Technology absorption –

	i	the efforts made towards technology absorption.	:	None
	ii	the benefits derived like product improvement, cost reduction, product development or import substitution.	:	Not applicable
	iii	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) -		
		a) the details of the technology imported	:	None
		b) the year of import	:	Not applicable
		c) whether the technology has been fully absorbed	:	Not applicable
		d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and	:	Not applicable
	iv	the expenditure incurred on Research and Development.	:	Nil
(C)		Foreign exchange earnings and Outgo – The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows.	:	There were no foreign exchange earnings or outgo during the year under consideration.

For and on behalf of the Board

V. Ravi
Chairman

Mumbai, 15th April, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
MAHINDRA ASSET MANAGEMENT COMPANY PRIVATE LIMITED

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of **Mahindra Asset Management Company Private Limited** ("the Company"), which comprise the balance sheet as at March 31, 2017, and the statements of profit and loss and cash flow for the period from April 1, 2016 to March 31, 2017, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

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

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2017, and its loss and its cash flows for the period from April 1, 2016 to March 31, 2017.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.

10. As required by Section 143(3) of the Act, we report that:

    a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

    b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;

    d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

    e. on the basis of written representations received from the directors as on March 31, 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.

  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. The Company has been in existence for a period less than seven years and hence there is no requirement to transfer any amounts to the Investor Education and Protection Fund.

  iv. The company has provided requisite disclosures in the standalone 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 by to us by the Management. Refer Note No. 23.

FOR B. K. KHARE & CO.
Chartered Accountants
Firm's Registration Number: 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Place: Mumbai
Date: April 15, 2017.

ANNEXURE I TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the standalone financial statements of **Mahindra Asset Management Company Private Limited** for the year ended March 31, 2017

<u>Annexure to the Auditor's Report referred to in our report of even date</u>:

I. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) These fixed assets were physically verified by the Management during the year at reasonable intervals and discrepancies noticed during the verification were not material and have been properly dealt with in the books of accounts.

(c) The Company has no immovable properties and hence Clause 3(i)(c) is not applicable to the company.

II. On facts, Clause 3(ii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.

III. No parties are covered in the register maintained under section 189 of Companies Act, 2013 by the Company. Therefore, clause 3(iii) (a), (b) & (c) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.

IV. In our opinion and according to the information and explanations given to us the provisions of section 186 of the Companies Act, 2013 have been complied with. During the year, the Company has not provided loan to any of its directors', therefore, provisions of section 185 were not applicable during the year.

V. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. Consequently, no order has been passed by the Company Law Board or National Company Law Commission or Reserve Bank of India or any court or any other tribunal on the Company. The clause 3(v), therefore is not applicable to the company.

VI. On facts, clause 3(vi) relating to maintenance of cost records is not applicable to the company.

VII. (a) According to the records of the Company and information and explanations given to us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax,, Excise Duty, Service Tax, Customs Duty, value added tax, and other statutory dues applicable to it with the concerned authorities.

(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, 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.

(c) 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.

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, Government 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 money by way of initial public offer or further public offer (including debt instruments) and term loans.

X. On the basis of our examination of the relevant records of the Company, carried out in accordance with generally accepted auditing practices and according to the information and explanations given to us, no fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year.

XI. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has paid or provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

XII. The Company is not a 'Nidhi Company', therefore, clause 3(xii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.

XIII. On the basis of examination of relevant records and according to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable. The Company has disclosed the details of transactions with related parties in the Financial Statements as required by the applicable accounting standards.

XIV. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit; therefore, clause 3(xiv) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.

XV. On the basis of examination of relevant records and according to the information and explanations given to us, in our opinion, the Company has not entered into any non-cash transactions with directors or persons connected with them.

XVI. On the basis of examination of relevant records and according to the information and explanations given to us, in our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

FOR B. K. KHARE & CO.
Chartered Accountants
Firm's Registration Number: 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Place: Mumbai
Date: April 15, 2017.

ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF MAHINDRA ASSET MANAGEMENT COMPANY PRIVATE LIMITED

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

We have audited the internal financial controls over financial reporting of **Mahindra Asset Management Company Private Limited** ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the period from April 1, 2016 to March 31, 2017.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 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 ICAI.

FOR B. K. KHARE & CO.
Chartered Accountants
Firm's Registration Number: 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Place: Mumbai
Date: April 15, 2017.

BALANCE SHEET AS AT MARCH 31, 2017

In Rupees

Particulars	Note No.	March 31, 2017	March 31, 2016
I. EQUITY & LIABILITIES			
1) Shareholders' funds			
a) Share Capital	1	**910,000,000**	605,500,000
b) Reserves and Surplus	2	**(249,864,624)**	(45,128,976)
		660,135,376	560,371,024
2) Non-current liabilities			
a) Long term provisions	3	**4,203,872**	612,018
		4,203,872	612,018
3) Current liabilities			
a) Trade payables	4		
i) Micro and Small Enterprises		**–**	–
ii) Other Trade Payables		**23,663,932**	1,653,080
b) Other current liabilities	5	**4,392,742**	1,737,614
c) Short term provisions	6	**25,443,856**	7,958,647
		53,500,530	11,349,341
Total		**717,839,778**	572,332,383
II. ASSETS			
1) Non-current assets			
a) Fixed Assets	7		
i) Tangible assets		**15,832,553**	2,896,004
ii) Intangible assets		**3,975,950**	–
b) Non-current investments	8	**490,000,000**	–
c) Long term loans and advances	9	**30,735,028**	9,464,522
		540,543,531	12,360,526
2) Current assets			
a) Current investments	10	**144,778,130**	556,966,355
b) Trade Receivable	11	**1,603,700**	–
c) Cash and bank balance	12	**411,496**	896,363
d) Short-term loans and advances	13	**160,000**	–
e) Other current assets	14	**30,342,921**	2,109,139
		177,296,247	559,971,857
Total		**717,839,778**	572,332,383
Summary of significant accounting policies and notes to the financial statements	I & II		

The notes referred to above form an integral part of the Balance Sheet

This is the Balance Sheet referred in our report of even date

For **B. K. KHARE & CO.**
Firm Regn No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 44784

Place : Mumbai
Date : 15th April, 2017

For and on behalf of the Board

V. Ravi
Chairman

Ashutosh Bishnoi
Managing Director & CEO

Gautam Divan
Director

Sethu Gururajan
Director

Sanjay Parikh
Chief Financial Officer

Basavraj Loni
Company Secretary

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

Particulars		Note No.	For the year ended March 31, 2017	March 31, 2016
I.	Revenue from operations	15	**35,103,155**	–
II.	Other income	16	**53,011,061**	11,957,758
III.	**Total Revenue (I + II)**		**88,114,216**	11,957,758
IV.	**Expenses:**			
	Employee benefits expense	17	**140,108,341**	35,699,859
	Depreciation and amortisation expense	7	**5,232,270**	357,518
	Other expenses	18	**147,509,252**	20,402,539
	Total expenses		**292,849,863**	56,459,916
V.	**Loss before tax (III- IV)**		**(204,735,648)**	(44,502,158)
VI.	**Tax expense:**			
	(1) Current tax		**–**	–
	(2) Deferred tax		**–**	–
VII.	**Loss for the year (V - VI)**		**(204,735,648)**	(44,502,158)
VIII.	**Earnings per equity share (Rupees):**	20		
	(1) Basic		**(2.91)**	(1.35)
	(2) Diluted		**(2.91)**	(1.35)
Summary of significant accounting policies and notes to the financial statements		I & II		

The notes referred to above form an integral part of the Statement of Profit & Loss

This is the Statement of Profit & Loss referred in our report of even date

For **B. K. KHARE & CO.**

Firm Regn No. 105102W

Padmini Khare Kaicker
Partner

Membership No. 44784

Place : Mumbai
Date : 15th April, 2017

For and on behalf of the Board

V. Ravi
Chairman

Ashutosh Bishnoi
Managing Director & CEO

Gautam Divan
Director

Sethu Gururajan
Director

Sanjay Parikh
Chief Financial Officer

Basavraj Loni
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

			March 31, 2017	March 31, 2016
A.	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Loss before taxes and contingencies		**(204,735,648)**	(44,502,158)
	Add/(Less):			
	Non Cash Expenses :			
	Depreciation/ Amortisation		**5,232,270**	357,518
			5,232,270	357,518
	Add: Items considered separately:			
	Income on investing activities		**(31,025,241)**	–
	(Profit)/Loss on sale of Investment		**(21,980,765)**	–
			(53,006,006)	–
	Operating loss before working capital changes	(I)	**(252,509,383)**	(44,144,640)
	Add/Less:			
	(Increase)/Decrease in interest accrued others		**(16,818,007)**	(251,296)
	(Increase)/Decrease in Loans & Advances		**(21,430,506)**	–
	(Increase)/Decrease in Current Assets		**(13,019,477)**	(3,488,084)
			(51,267,989)	(3,739,380)
	Add: Increase in Current Liabilities & Provisions		**45,743,043**	11,944,505
		(II)	**(5,524,947)**	8,205,125
	Cash used in operations	(I+II)	**(258,034,330)**	(35,939,514)
	Advance taxes paid		**–**	–
	NET CASH USED IN OPERATING ACTIVITIES (A)		**(258,034,330)**	(35,939,514)
B.	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of Fixed Assets		**(22,144,769)**	(3,253,522)
	Purchase of Investments		**(1,028,600,000)**	(562,466,355)
	Sale of Investments		**972,768,991**	7,480,385
	Income received on investments		**31,025,241**	–
	NET CASH USED IN INVESTING ACTIVITIES (B)		**(46,950,537)**	(558,239,492)
C.	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Issue of Equity Shares		**304,500,000**	595,000,000
	NET CASH FLOW FROM FINANCING ACTIVITIES (C)		**304,500,000**	595,000,000
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT (A+B+C)		**(484,867)**	820,993
	CASH AND CASH EQUIVALENTS AS AT:			
	Beginning of the period		**896,363**	75,369
	End of the period		**411,496**	896,363

Examined and found correct.

The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 (AS-3), "Cash Flow Statements"

For **B. K. KHARE & CO.**

Chartered Accountants

Firm Regn No. 105102W

Padmini Khare Kaicker
Partner

Membership No. 44784

Place : Mumbai
Date : 15th April, 2017

For and on behalf of the Board

V. Ravi
Chairman

Ashutosh Bishnoi
Managing Director & CEO

Gautam Divan
Director

Sethu Gururajan
Director

Sanjay Parikh
Chief Financial Officer

Basavraj Loni
Company Secretary

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

CORPORATE INFORMATION

The Company, Mahindra Asset Management Company Private Limited ('the Company'), was incorporated under the Companies Act, 1956 on June 20, 2013. The company is a subsidiary of Mahindra & Mahindra Financial Services Ltd. The Company is incorporated to function as an Investment Manager to "Mahindra Mutual Fund". The Company has received a license from SEBI on 4th February 2016. The Company earned fees from investment management activities from July 2016 onwards since the launch of the first scheme of Mahindra Mutual Fund in that month. As on March 31, 2017, the Company is managing four schemes of Mahindra Mutual Fund.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

1. BASIS OF PREPARATION OF ACCOUNTS

a) The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (IGAAP) under the historical cost convention as a going concern and on accrual basis and in accordance with the provisions of the Companies Act, 2013 and the Accounting Standards notified under Section 133 of the Companies Act, 2013.

b) All assets and liabilities have been classified as current and non – current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of services and their realisation in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current and non current classification of assets & liabilities.

2. USE OF ESTIMATES

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as on the date of the financial statements and the reported income and expenses during the reporting year. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in current and future years.

3. INVESTMENTS

Investments held as Long –Term Investments are stated at cost comprising of acquisition and incidental expenses less permanent diminution in value, if any. Investments other than Long Term investments are classified as Current Investments and valued at cost or fair value whichever is less.

Provision for diminution in value of investments is made if management perceives that there is permanent diminution in value of investments in accordance with the Accounting Standard on 'Accounting for Investments' (AS 13) notified by Companies (Accounting Standards) Rules, 2006.

4. SEGMENT REPORTING

The Company has a single reporting segment viz investment management/advisory services. Accordingly, for the purpose of Accounting Standard 17 on segment reporting, the financial statements of the Company show the results of the Company for this single segment only.

5. REVENUE RECOGNITION

Investment Management Fees are recognised on an accrual basis and are charged to each mutual fund scheme in accordance with the terms of the Scheme Information Document of each Scheme managed by the Company.

Portfolio Management Fees and Fees for Advisory Services will be recognised on an accrual basis when the services are rendered and an enforceable right to receive the fees has arisen in accordance with the terms of the Agreement between the Company and its clients.

Dividend from investments is accounted for as income when the right to receive dividend is established.

Interest income is accounted on an accrual basis.

The difference between the cost of investments and the redemption/sale proceeds (net of expenses) is recognised in the statement of Profit and Loss. For calculation of profit/loss on investment, cost is calculated on weighted average basis.

6. SHARE ISSUE EXPENSES

Expenses incurred in connection with fresh issue of share capital is charged to Profit and Loss account in the year in which they are incurred.

7. FIXED ASSETS

Fixed assets are stated at cost of acquisition (including incidental expenses) less depreciation.

8. DEPRECIATION

Depreciation on fixed assets is calculated by the straight line method at rates determined with reference to the useful life of fixed assets and in the manner provided for in Schedule II to the Companies Act, 2013 except:

a) Motor vehicles where useful life is estimated at four years as against eight years as per Schedule II since the employees to whom these vehicles have been allotted in accordance with their terms of employment and they are entitled to change their vehicles every four years, and

b) Fixed assets having value individually less than Rs 5,000 are fully depreciated in the year of purchase.

Further, residual value for all assets is considered as zero due to the difficulty in estimating the same and in the case of motor cars, having regard to terms of employment under which these are allotted to the employees.

Accordingly, useful life of assets is estimated as follows:

Employee vehicles	–	4 Years
Computer	–	3 Years
Furniture	–	10 Years
Office Equipment	–	5 Years
Assets costing less than Rs 5,000		< 1 year

Intangible assets are stated at cost less accumulated amortization and impairment loss, if any. Intangible assets comprises of computer software which is amortized over the estimated useful life. The maximum period for such amortization is 36 months based on estimates of useful life.

9. EMPLOYEE BENEFITS

Retirement Benefits in respect of gratuity at retirement/cessation are provided for based on valuations, as on the Balance Sheet date, made by independent actuaries.

a) Defined Contribution Plans –
Company's contribution paid/payable during the year to Provident Fund, Superannuation and Labour Welfare Fund, etc are recognised in the Statement of Profit and Loss.

b) Defined Benefit Plan –
Company's liabilities towards gratuity and leave encashment is determined using the Projected Unit Credit Method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Actuarial gains and losses are recognised immediately in the statement of Profit and Loss as income or expense. Obligation is measured at the present value of estimated future cash flow using a discount rate that is

determined by reference to market yields at the Balance Sheet date on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

10. SCHEME RELATED EXPENSES

Expenses of schemes of Mahindra Mutual Fund in excess of the limits provided by the Securities and Exchange Board of India Mutual Fund Regulations, 1996 are borne by the Company and are recognised in the Statement of Profit and Loss.

11. IMPAIRMENT ASSETS

The carrying value of assets/cash generating units at each Balance Sheet date is reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount.

12. TAXES ON INCOME

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future tax income will be available against which such deferred tax assets can be realised.

13. PROVISIONS AND CONTINGENT LIABILITIES

a) Provision for doubtful debts is made on the basis of standard norms and also, where required, on actual evaluation.

b) Provisions are recognized in accounts in respect of present probable obligations, the amount of which can be reliably estimated. Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company.

14. EARNING PER SHARE

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares, etc that have changed the number of outstanding equity shares, without corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average numbers of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

15. FOREIGN EXCHANGE TRANSACTIONS AND TRANSLATIONS

a) Initial recognition

Transactions in foreign currencies are recognised at the prevailing exchange rates between the reporting currency and the foreign currency on the transaction dates.

b) Conversion

i. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognized in the Statement of Profit and Loss.

ii. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

c) Exchange differences

The Company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below:

i. Realised gains and losses on settlement of foreign currency transactions are recognised in the Statement of Profit and Loss.

ii. Foreign currency monetary assets and liabilities at the year-end are translated at the year end exchange rate and the resultant exchange differences are recognised in the Statement of Profit and Loss

16. BORROWING COST

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to the Statement of Profit and Loss. Ancillary expenditure incurred in connection with the arrangement of borrowings is amortised over the tenure of the respective borrowings

17. LEASE

Lease rentals in respect of assets taken on operating lease arrangements are recognised as per the terms of the lease.

II. NOTES TO THE FINANCIAL STATEMENTS :

1. Share Capital:

		In Rupees
Particulars	**March 2017**	March 2016
Authorised Capital :		
11,00,00,000 Equity Shares of Rs.10 each	**110,00,00,000**	76,00,00,000
(March 2016 : 7,60,00,000 shares)		
Issued Capital :		
9,10,00,000 Equity Shares of Rs.10 each	**91,00,00,000**	60,55,00,000
(March 2016 : 6,05,50,000 shares)		
Subscribed and Paid-up Capital :		
9,10,00,000 Equity Shares of Rs.10 each	**91,00,00,000**	60,55,00,000
(March 2016 : 6,05,50,000 shares)		
Total	**91,00,00,000**	60,55,00,000

	Particulars	**March 2017**		**March 2016**	
		Number of Shares	**Rupees**	**Number of Shares**	**Rupees**
a)	**Reconciliation of the number of shares -**				
	Number of equity shares outstanding at the beginning of the year	6,05,50,000	60,55,00,000	10,50,000	1,05,00,000
	Add : Fresh allotment of shares during the year:	3,04,50,000	30,45,00,000	5,95,00,000	59,50,00,000

	Particulars	March 2017		March 2016	
		Number of Shares	Rupees	Number of Shares	Rupees
	Less : Shares bought back during the year	–	–	–	–
	Number of equity shares outstanding	9,10,00,000	91,00,00,000	6,05,50,000	60,55,00,000
b)	**Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries/associates**				
	Holding company : Mahindra & Mahindra Financial Services Limited (Equity shares of Rs. 10/- each)	9,10,00,000	91,00,00,000	6,05,50,000	60,55,00,000
	Percentage of holding (%)	100	100	100	100
c)	**Shareholders holding more than 5 percent shares :**				
	Mahindra & Mahindra Financial Services Limited	9,10,00,000	91,00,00,000	6,05,50,000	60,55,00,000

2. Reserves & Surplus:

In Rupees

Particulars	March 2017	March 2016
Surplus :		
Balance Loss as per last Balance Sheet	**(4,51,28,976)**	(6,26,818)
Add : Loss for the current period transferred from Statement of Profit & Loss	**(20,47,35,648)**	(4,45,02,158)
Balance Loss carried to Balance Sheet	**(24,98,64,624)**	(4,51,28,976)
Less : Allocations & Appropriations :	**–**	**–**
Balance Loss as at the end of the period	**(24,98,64,624)**	(4,51,28,976)

3. Long term Provisions:

In Rupees

Particulars	March 2017	March 2016
Provision for employee benefits	**42,03,872**	6,12,018
Total	**42,03,872**	**6,12,018**

4. Trade Payables:

In Rupees

Particulars	March 2017	March 2016
Trade payables for expenses		
Micro and Small Enterprises (Refer Note No 24)	**–**	–
Other than Micro and Small Enterprises	**2,36,63,932**	16,53,080
Total	**2,36,63,932**	**16,53,080**

5. Other current liabilities (Unsecured):

In Rupees

Particulars	March 2017	March 2016
TDS Payable	**34,90,068**	13,56,306
Profession Tax Payable	**42,518**	4,000
Contribution to Provident Fund & Other Funds Payable	**7,99,349**	3,77,308
Service Tax Payable	**4,116**	–
Other Current Liabilities	**56,691**	–
Total	**43,92,742**	**17,37,614**

6. Short Term Provisions:

In Rupees

Particulars	March 2017	March 2016
Provision for Employee Benefits	**2,54,43,856**	79,58,647
Total	**2,54,43,856**	**79,58,647**

Note/Schedule: 7

Fixed Assets: **In Rupees**

	GROSS BLOCK AT COST				DEPRECIATION & AMORTISATION				NET BLOCK	
Asset Description	Balance as at April 1, 2016	Additions for purchase/ transfer	Deductions for Sale/ transfer	Balance as at March 31, 2017	Balance as at April 1, 2016	For the year	Deductions for Sale/ transfer	Balance as at March 31, 2017	Balance as at April 1, 2016	Balance as at March 31, 2017
i) Tangible Assets:										
Computers	143,824	5,654,923	–	5,798,747	23,787	849,718	–	873,505	120,037	4,925,242
	–	*143,824*	–	*143,824*	–	*28,440*		*28,440*	–	
Furniture and Fixtures	98,291	1,602,321	–	1,700,612	1,772	123,450	–	125,222	96,519	1,575,390
	–	*98,291*	–	*98,291*	–	*1,772*		*1,772*	–	
Vehicles	2,801,569	8,079,709	–	10,881,278	315,998	2,547,330	–	2,863,328	2,485,571	8,017,950
	–	*2,801,569*	–	*2,801,569*	–	*315,998*		*315,998*	–	
Office Equipment	209,838	1,347,576	–	1,557,414	15,961	227,482	–	243,443	193,877	1,313,971
	–	*209,838*	–	*209,838*	–	*11,308*		*11,308*	–	
Total (i)	3,253,522	16,684,529	–	19,938,051	357,518	3,747,980	–	4,105,498	2,896,004	15,832,553
As on 31-3-2016		3,253,522		3,253,522	–	357,518		357,518	–	
ii) Intangible Assets:										
Computer software	–	5,460,240	–	5,460,240	–	1,484,290	–	1,484,290	–	3,975,950
	–	–	–	–	–	–	–	–	–	–
Total (ii)	–	5,460,240	–	5,460,240	–	1,484,290	–	1,484,290	–	3,975,950
As on 31-3-2016	–	–	–	–	–	–	–	–	–	–
Total (i+ii)	3,253,522	22,144,769	–	25,398,291	357,518	5,232,270	–	5,589,788	2,896,004	19,808,503
As on 31-3-2016	–	**3,253,522**	–	**3,253,522**	–	**357,518**	–	**357,518**	–	–

Previous year figures are in italics.

8. Non-Current Investments:

In Rupees

Particulars	March 2017	March 2016
Quoted (at cost) – Non-traded		
Debentures :		
8.9% NCD Mahindra Rural Housing Finance Ltd.	**30,00,00,000**	–
8.4% NCD Mahindra Rural Housing Finance Ltd.	**17,00,00,000**	–
Mutual Fund Investments (Unquoted):		
Mahindra Kar Bachat Yojana – Direct Growth	**50,00,000**	–
Mahindra Liquid Fund – Direct Growth	**50,00,000**	–
Mahindra Dhan Sanchay Yojana - Direct Growth	**50,00,000**	–
Mahindra ALP Samay Bachat Yojana - Direct Growth	**50,00,000**	
Total	**49,00,00,000**	–
Aggregate amount of quoted investments	**47,00,00,000**	–
Market value of quoted investments	**47,00,00,000**	–
Aggregate amount of unquoted investments	**2,00,00,000**	–
Market value of unquoted investments	**2,10,27,816**	

9. Long-term loans and advances:

In Rupees

Particulars	March 2017	March 2016
(Unsecured, Considered good unless otherwise stated)		
Capital Advance	**8,72,003**	23,12,500
Deposits for office premises/others	**35,87,316**	15,23,716
Deposit – Others	**29,941**	2,000
Prepaid Expenses	**25,37,625**	–
Others – TDS Receivable	**37,08,143**	1,26,306
Inter-corporate Deposits (Mahindra Rural Housing Finance Limited)	**2,00,00,000**	55,00,000
Total	**3,07,35,028**	94,64,522

10. Current Investments :

In Rupees

Particulars	March 2017	March 2016
Unquoted (at cost)		
Investment in Schemes of Mutual Fund		
Mahindra ALP Samay Bachat Yojana - Direct Growth	**9,40,00,000**	–
Mahindra Liquid Fund - Direct Growth	**5,07,78,130**	–
Quoted (at cost)		
ICICI Liquid Plan – Regular Growth	**–**	9,07,36,320
Reliance Liquid Fund – Treasury Plan – Regular Growth	**–**	12,82,62,659
Kotak Floater Short Term – Regular Growth	**–**	33,79,67,376
Total	**14,47,78,130**	55,69,66,355

11. Trade Receivable:

In Rupees

Particulars	March 2017	March 2016
Unsecured, considered good unless otherwise stated		
Outstanding for a period exceeding six months	**–**	–
Others	**16,03,700**	–
Total	**16,03,700**	–

12. Cash and Bank Balance:

In Rupees

Particulars	March 2017	March 2016
Balance with Scheduled Banks in Current Accounts	**4,11,496**	8,96,363
Total	**4,11,496**	8,96,363

13. Short-term loans and advances :

(Unsecured, Considered good unless otherwise stated)

In Rupees

Particulars	March 2017	March 2016
Loan to employee	**1,60,000**	–
Total	**1,60,000**	–

14. Other Current Assets:

In Rupees

Particulars	March 2017	March 2016
Interest accrued on		
Non Convertible Debentures (Not due)	**1,56,14,631**	–
Inter Corporate Deposits (Not due)	**14,54,673**	2,51,297
Prepaid Expenses	**17,88,554**	3,40,623
Service Tax Credit	**46,44,721**	12,84,897
Other Current Assets	**68,40,343**	2,32,322
Total	**3,03,42,921**	21,09,139

15. Revenue from Operations:

In Rupees

Particulars	March 2017	March 2016
Investment Management Fees from Management of Mutual Funds (Gross)	**4,03,68,628**	–
Less: Service Tax	**52,65,473**	–
Investment Management Fees from Management of Mutual Funds (Net)	**3,51,03,155**	–
Total	**3,51,03,155**	–

16. Other Income:

In Rupees

Particulars	March 2017	March 2016
Interest Income		
Interest on Inter corporate deposits	**18,04,584**	2,79,219
Interest on Non Convertible debentures	**2,92,20,657**	–
Interest on Income tax refund	**5,055**	–
Dividend Income Mutual Funds	**–**	1,15,62,860
Profit/Premium on Sale/Redemption of Current Investment in Mutual Funds	**2,19,80,765**	1,15,679
Total	**5,30,11,061**	1,19,57,758

17. Employee Benefit Expense:

In Rupees

Particulars	March 2017	March 2016
Salary, Bonus & Incentives	**13,36,22,990**	3,41,70,921
Company's Contribution to Provident Fund & other funds	**60,34,649**	14,89,509
Staff Welfare	**4,50,702**	39,429
Total	**14,01,08,341**	3,56,99,859

18. Other Expenses:

In Rupees

Particulars	**March 2017**	March 2016
Electricity Charges	**11,04,557**	12,37,170
Rent Office Premises	**76,94,601**	48,78,796
Insurance	**12,01,225**	66,821
Legal and Professional Charges	**18,04,569**	11,97,467
Telephone Expenses	**20,47,405**	2,98,092
Directors sitting fees	**11,47,800**	2,40,000
Travelling Expenses	**60,50,092**	4,39,255
Share Issue Expenses	**35,34,500**	73,40,000
Audit Fees (Net of service tax)		
- For Audit	**2,26,125**	35,175
- Tax Audit	**25,125**	–
- Others	**75,375**	–
General Administration Expenses	**36,03,425**	2,27,326
Conference & Advertisement	**1,34,25,798**	83,497
Membership and Subscription	**67,62,292**	30,28,082
Marketing Expenses	**3,15,85,705**	–
Postage and Courier	**46,92,708**	–
Conveyance Expenses	**21,93,768**	47,134
Printing and Stationery	**25,75,790**	7,980
Registrar and Transfer Agents Expenses	**27,77,540**	–
Investor KYC Expenses	**12,31,280**	–
Distributor Training	**1,83,48,908**	–
Distributor Commission	**2,91,59,184**	–
Business Entertainment Expenses	**17,32,346**	54,496
Staff Training	**17,40,440**	–
Admin Support Charges	**17,21,266**	–
Other Expenses	**10,47,428**	12,21,248
Total	**14,75,09,252**	20,402,539

19. Contingent Liabilities and Commitments (to the extent not provided for)

In Rupees

Particulars	**March 2017**	March 2016
i. Commitments		
a) Estimated amount of contracts remaining to be executed on capital account	**3,72,750**	29,47,500
Total	**3,72,750**	29,47,500

20. In Accordance with the Accounting Standard 20 on "Earning Per Share " (EPS) issued by the Institute of Chartered Accountants of India, the EPS is as follows:

In Rupees

Particulars	**FY 2016-17**	FY 2015-16
Net Profit/(Loss) attributable to Equity Share Holders	**(20,47,35,648)**	(4,45,02,158)
Weighted Average Numbers of Shares (*)	**7,03,94,110**	3,30,07,313
EPS – (Basic)	**(2.91)**	(1.35)
EPS – (Diluted)	**(2.91)**	(1.35)

21. Related Party Disclosure as per Accounting Standard 18:

A) List of the related parties which have transactions with our Company during the year:

Ultimate Holding Company	Mahindra & Mahindra Ltd
Holding Company	Mahindra & Mahindra Financial Services Limited
Fellow Subsidiary Companies	Mahindra Rural Housing Finance Limited Mahindra Holidays and Resorts India Ltd
Key Management Personnel (KMP)	Mr Ashutosh Bishnoi

B) Related party transactions are as under:

` in Lakhs

Sr No	**Nature of Transactions**		**Ultimate/ Holding Companies**	**Fellow Subsidiary/ Group Companies**	**KMP**
1	**Income**				
	Interest Income on Inter Corporate Deposits given (Gross)	Mahindra Rural Housing Finance Ltd		18.05 (2.79)	
	Interest Income on Non Convertible Debentures (Gross)			292.21 (–)	
2	**Expenses**				
	Conference Expenses	Mahindra Holidays and Resorts India Ltd		6.69 (–)	
	Salary Expense Reimbursement from parties		– (9.83)		
	Employee Benefit reimbursement to parties	Mahindra and Mahindra Financial Services Ltd	– (1.89)		
	Admin Support Charges		17.10 (–)		
	Distributor Commission		8.29 (–)		
	Staff Training		13.70 (–)		
	Event expenses		1.14 (–)		
	IT Support Charges	Mahindra and Mahindra Ltd	0.80 (–)		
	Insurance		0.19 (–)		
	Remuneration to KMP's	Mr Ashutosh Bishnoi			177.25 (52.52)
3	**Purchase of Fixed Assets**	Mahindra and Mahindra Ltd	12.40 (–)		
		Mahindra and Mahindra Financial Services Ltd	– (11.35)		
4	**Issue of Equity Shares**	Mahindra and Mahindra Financial Services Ltd	3045 (5950)		

` in Lakhs

Sr No	Nature of Transactions		Ultimate/ Holding Companies	Fellow Subsidiary/ Group Companies	KMP
5	**Balances at the end of the period**				
	Mutual Fund Distributor Commission payable	Mahindra and Mahindra Financial Services Ltd	2.69 (–)		
	Admin Support Charges payable	Mahindra and Mahindra Financial Services Ltd	4.49 (0.00)		
	Staff Training Expense Payable	Mahindra and Mahindra Ltd	7.19 (–)		
	IT Support Charges payable	Mahindra and Mahindra Ltd	0.84 (–)		
	Inter Corporate Deposits given (including interest accrued but not due)	Mahindra Rural Housing Finance Ltd		214.55 (57.51)	
	Investment in Non convertible debentures (including interest accrued but not due)	Mahindra Rural Housing Finance Ltd		4856.15 (–)	

Notes:

i. Mr Ashutosh Bishnoi has been appointed as Managing Director & CEO of the Company with effect from 12th October 2015. The remuneration was paid within the limit specified as per the Provisions of Schedule V of the Companies Act, 2013 and as approved by the shareholders of the Company in their meeting held o 17th October 2016.

ii. Figures in bracket represent corresponding figures of previous year.

22. Employee Benefits

Defined Benefit Plans - As per Actuarial valuation.

	Gratuity (Funded)		Sick Leave (Non-Funded)		Privilege Leave (Non-Funded)	
	Mar-17	**Mar-16**	**Mar-17**	**Mar-16**	**Mar-17**	**Mar-16**
I. Change in Obligation during the year ended March 31, 2017						
1. Present value of obligation as at the beginning of the year	1.98	–	0.58	–	3.69	–
2. PBO Transfer from MMSFL for the transfer Employees	–	2.14	–	–	–	–
3. Interest cost	0.16	0.07	0.05	0.01	0.30	0.16
4. Current Service Cost	9.68	3.23	2.70	1.23	17.54	11.78
5. Actuarial (Gains)/Losses	2.00	(3.46)	0.64	(0.66)	3.61	(8.25)
6. Benefits paid	–	–	–	–	–	–
7. Present Value of Defined Benefit obligation at the end of the year	13.81	1.98	3.96	0.58	25.14	3.69
II. Change in the Assets during the period ending 31st March						
1. Fair value of plan assets at the beginning of the year	6.50	–	–	–	–	–
2. Expected Return on Plan assets	0.52	0.13	–	–	–	–
3. Contributions by employer	–	6.50	–	–	–	–
4. Actuarial (Gains)/Losses	(0.52)	(0.13)	–	–	–	–
5. Actual Benefits paid	–	–	–	–	–	–
6. Fund amount to be transferred from MMFSL Gratuity Fund	2.14	2.14	–	–	–	–
7. Fair value of plan assets at the end of the period	6.50	6.50	–	–	–	–
III. Net asset/(liability) recognised in the Balance Sheet as at 31st March						
1. Present Value of Defined Benefit obligation as 31st March	13.81	1.98	3.96	0.58	25.14	3.69
2. Fair value of plan assets as at 31st March	6.50	6.50	–	–		–
3. Funded status (surplus/(deficit))	(7.31)	4.52	(3.96)	(0.58)	(25.14)	(3.69)
4. Net asset/(liability) as at 31st March	(7.31)	4.52	(3.96)	(0.58)	(25.14)	(3.69)
IV. Expenses recognised in the Statement of Profit and Loss Account for the year ending 31st March						
1. Current Service Cost	9.68	3.23	2.70	1.23	17.54	11.78
2. Interest Cost	0.16	0.07	0.05	0.01	0.30	0.16
3. Expected Return on Plan assets	0.52	0.13	–	–	–	–
4. Actuarial (Gains)/Losses	2.52	(3.46)	0.64	(0.66)	3.62	(8.25)
5. Fund Amount to be transferred from MMFSL Gratuity Fund	2.14	2.14	–	–	–	–
6. Total Expenses	11.83	1.98	3.39	0.58	21.46	3.69
V. Major category of plan assets as a percentage of total plan						
1. Funded with LIC	100%	100%	–	–	–	–
VI. Actuarial Assumptions						
1. Discount Rate	7.55%	8%	7.55%	8%	7.55%	8%
2. Expected Rate of return on plan assets	8%	8%	–	–	–	–
3. Rate of Salary increase	5%	5%	5%	5%	5%	5%
4. In-service Mortality	Indian Assured lives Mortality (2006-08) Ultimate	–	–	–	–	–

<u>**Experience Adjustments:**</u>

	Year Ended 31st March (` in Lakhs)	
	2017	2016
1. Defined benefit obligations at end of the period	**13.81**	1.98
2. Plan assets at the end of period	**6.50**	6.50
3. Funded Status Surplus/ (Deficit)	**(7.31)**	4.52
4. Experience adjustments on plan liabilities (gain)/loss	**0.89**	(3.46)
5. Experience adjustments on plan assets gain/(loss)	**(0.52)**	–

23. Details of Specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016 as provided in the Table below:-

	SBNs	**Other denomination notes**	**Total**
Closing cash in hand as on 08.11.2016	NIL	NIL	NIL
(+) Permitted receipts	NIL	NIL	NIL
(-) Permitted payments	NIL	NIL	NIL
(-) Amounts deposited in Banks	NIL	NIL	NIL
Closing cash in hand as on 30.12.2016	NIL	NIL	NIL

24. None of the suppliers have submitted their confirmation towards Micro, Small and Medium Enterprises, thus there is no principal or interest dues thereon outstanding to any such supplier at the end of accounting year.

25. Previous year's figures have been regrouped/ reclassified wherever found necessary. As stated in the corporate information, the revenues from business operations of the Company started from July 2016 after the launch of the first scheme of Mahindra Mutual Fund. Accordingly, current year figures are not comparable with the previous year figures.

Signatures to Significant accounting policies and Notes to the financial statements – I and II

For **B. K. KHARE & CO.**
Chartered Accountants

Padmini Khare Kaicker
Partner
Membership No. 44784

Place : Mumbai
Date : 15th April, 2017

For and on behalf of the Board

V. Ravi
Chairman

Ashutosh Bishnoi
Managing Director & CEO

Gautam Divan
Director

Sethu Gururajan
Director

Sanjay Parikh
Chief Financial Officer

Basavraj Loni
Company Secretary

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting their Fourth Annual Report together with the Audited Accounts of your Company for the year ended March 31, 2017.

1. Financial Results

Amount in Rs. Lakhs

Particulars	**For the year ended March 31, 2017**	For the year ended March 31, 2016
Income	**3.17**	0
Less : Finance Costs	**0**	0
Expenditure	**(23.52)**	(4.92)
Depreciation and Amortisation Expenses	**0**	0
Total Expenses	**(23.52)**	(4.92)
Profit Before Tax	**(20.35)**	0
Less : Provision for Tax	**0**	0
Current Tax	**0**	0
Deferred Tax	**0**	0
Profit/(Loss) for the year	**(20.35)**	(4.92)
Profit/(Loss) brought forward from previous year	**(7.45)**	(2.53)
Transfer to Reserves	**0**	0

2. Dividend

In view of losses incurred by the Company, your Directors do not recommend any dividend for the year under review.

3. Transfer to Reserves

The Company did not transfer any amount to reserves in view of the losses incurred by the Company during the year under review.

4. Operations

Securities and Exchange Board of India vide its letter dated February 4, 2016 granted certificate of registration to 'Mahindra Mutual Fund' ("the Fund"). Your Company will be engaged as a Trustee to the Fund. Your Company has appointed Mahindra Asset Management Company Private Limited ('AMC') as the investment manager for the schemes of Mahindra Mutual Fund.

The AMC received approval for six products during the year 2016-17. Of these six products, the AMC launched the following four products in the market:

1. Mahindra Liquid Fund (An open-ended liquid scheme);
2. Mahindra Mutual Fund Kar Bachat Yojana (An open ended ELSS scheme investing in equity securities);
3. Mahindra Mutual Fund Dhan Sanchay Yojana (An open ended scheme investing in equity securities, equity derivatives and debt securities); and
4. Mahindra Mutual Fund Alp Samay Bachat Yojana (An open-ended scheme investing in debt securities).

In addition to the above schemes, the AMC also received approval for Mahindra Mutual Fund Badhat Yojana (an open-ended scheme investing in equity securities) as well as Mahindra Mutual Fund Bal Vikaas Yojana (an open-ended scheme investing in a mix of equity and debt securities). The assets under management in these four schemes were Rs. 2,050 crores in the month of March 2017. Of these assets, Rs. 319 crores were in the two equity schemes. The AMC has empanelled more than 4,100 distributors and opened 37,814 investor accounts in these schemes. The AMC managed to achieve a market share of 0.1 percent and was placed at the 31st rank out of 42 Asset Management Companies.

Your Directors would like to present an overview of the Indian Economy with the backdrop of the Equity Markets, Fixed Income Markets and Global events occurred in the Mutual Fund Industry.

5. Indian Economy

The year 2016-17 was marked by several historic economic policy developments.

A constitutional amendment paving the way for the transformational Goods and Services Tax (GST) and withdrawal/demonetisation of specified bank notes, affecting 86 percent of the currency in circulation, were indeed transformational economic events during the year.

The second advance estimates of GDP released by the Central Statistics Office in February 2017 estimated the real GDP growth (constant 2011-12 prices) in 2016-17 at 7.10 percent (7.90 percent in 2015-2016) and also a sharp deceleration in Gross Value Added (GVA) with real GVA (at basic prices) growing at 6.70 percent against 7.80 percent in 2015-2016.

Inflation measured by CPI remained benign averaging around 4.50 percent during the year and the exchange rate measured against the USD strongly appreciated in the last quarter and closed at around 64.85 appreciating by around 2 percent on a year on year basis. The country also witnessed strong FDI flows during the year which led to this appreciation.

The year also saw some strong policy initiatives: codification of the institutional arrangement of the monetary policy framework with RBI, some changes in Bankruptcy Code and a stronger legal basis for Aadhar.

6. Equity Markets

It was a year of highs: the S&P BSE Sensex ended the year with gains of 16.90 percent to close at 29620 while the NIFTY 50 closed with gains of 18.50 percent to close at 9173. The S&P BSE midcap index rallied much more than the frontline indices and closed higher by around 33 percent during the year.

The strong rally was led predominately by metals, commodities and energy sectors while the banks and financial sectors also had a handsome contribution to this rise. The IT services sector and the pharmaceutical sectors witnessed a weak bias during the year. The year also witnessed strong institutional flows with FIIs investing record inflows of around INR 55,700 crores.

India, with her strong macroeconomic fundamentals and a stable political economy, continues to be a preferred destination for FIIs within the emerging market bucket. With retail financial savings in the form of mutual fund inflows too flowing into the equity markets, the equity indices are expected, amidst volatility, to remain strong.

7. Fixed Income Markets

The Reserve Bank of India (RBI) cut the benchmark repo rates by 50 basis points (bps) during the Financial Year. However the RBI, in its February 2017 monetary policy, shifted its stance to “Neutral” from the earlier “Accommodative” bias. The twin events of BREXIT and demonetisation led to a rally in the benchmark 10 year gilt prices and its yield touched a low of 6.20 percent during the Financial Year. However, as the RBI shifted its stance of monetary policy (highlighting inflationary biases), the yield of the 10 year security edged higher and closed at 6.70 percent, lower by around 80 bps for the year.

8. Global events

Two Global events dominated the year: Great Britain’s exit from the European Union (and the event called BREXIT thereafter) and the election of Mr. Donald Trump as the US President. While BREXIT initially caused some sell off in the equity markets and drop in bond yields, the markets quickly shrugged of the event. Mr. Trump’s election and his intended policy focus on infrastructure development, immigration, healthcare and taxes provided a leg-up to the equity markets. The US Federal Reserve too raised its Fed Funds target rate range by 50 bps during the year and the US 10 year gilt hardened by around 60 bps to close at 2.40 percent.

9. Overview of the Mutual Fund Industry

The Mutual Fund Industry continued its robust growth during FY 2016-17. The Assets under Management as on March 31, 2017 were Rs. 17.54 lakh crores compared to Rs. 12.32 lakh crores as on March 31, 2016. Assets grew by 42 percent during the year. Assets have grown almost 300 percent over the last five years. During these five years, investors have reduced their preference for close-ended schemes and have moved their assets into open-ended schemes. The proportion of assets in close-ended schemes has declined to 10 percent from 23 percent over the last five years.

Net flows into mutual funds during the year were Rs. 3.43 lakh crores showing a sharp jump of 255 percent over the previous year. Inflows into balanced schemes have grown by 185 percent over the last year. Further, inflows into debt and liquid schemes also grew substantially over last year and accounted for the major increase in net inflows over last year.

The top ten players lost market share during this year. Their combined share of total assets fell to 74 percent from 79.5 percent last year.

The Mutual Fund Industry has been showing robust growth over the last five years inspite of low penetration in terms of number of unique household accounts. Therefore, the potential for future growth is quite high and the industry will continue to attract new households to the industry from the smaller towns and cities.

10. Share Capital

During the year under review, the Company has increased its Authorised Share Capital from Rs. 25,00,000 (Rupees Twenty Five Lakhs) divided into 2,50,000 (Two Lakh Fifty Thousand) Equity Shares of Rs. 10/- (Rupees Ten) each to Rs. 1,00,00,000 (Rupees One crore) divided into 10,00,000 (Ten Lakhs) Equity Shares of Rs. 10/- (Rupees Ten) each at the Extra-ordinary General Meeting held by the Company on July 21, 2016.

During the year under review, the Company allotted to existing shareholders on Rights basis 3,50,000 equity shares of Rs. 10 each aggregating to Rs. 35,00,000. Consequent upon the allotment of the Rights shares, the

Company's paid-up share capital as on March 31, 2017 stood at Rs. 50,00,000 Lakhs (as against Rs. 15,00,000 as at March 31, 2016) comprising of 5,00,000 Equity Shares of Rs. 10 each, fully paid- up.

During the year under review, the Company has neither issued shares with differential voting rights as to dividend, voting or otherwise nor has issued any sweat equity. The Company has not formulated any Employees' Stock Option Scheme during the year under review. There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.

As on March 31, 2017, none of the Directors of the Company holds instruments convertible into Equity Shares of the Company.

11. Directors

The composition of the Board of Directors of your Company is in conformity with the provisions of the Companies Act, 2013, as amended from time to time and as per SEBI (Mutual Fund) Regulations, 1996, as amended from time to time. As on March 31, 2017, the Company has four directors. Mr. Gautam Parekh (DIN: 00365417), Dr. Narendra Mairpady (DIN: 00536905) and Mr. Debabrata Bandyopadhyay (DIN: 06972463) were appointed as Independent Directors of the Company for a period of five years with effect from September 21, 2015. These Independent Directors shall hold the office of directorship for a term of five years and none of the Independent Directors are eligible for re-appointment.

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. M. G. Bhide (DIN:00001826), Non-Executive Non-Independent Director of the Company retires by rotation at the forthcoming Annual General Meeting scheduled to be held on July 14, 2017 and being eligible, offers himself for re-appointment.

The Board reviews and approves strategy and oversees the actions and results of the management to ensure that the long term objectives of the enhancing stakeholders' value are met.

None of the Board of Directors holds directorships in more than 10 public companies. None of the directors are related to each other.

12. Key Managerial Personnel

As at the date of this Report, the Key Managerial Personnel of the Company, as envisaged under the provisions of Section 203 of the Companies Act, 2013, is Mr. Ravi Dayma, Company Secretary.

13. Number of Meetings of the Board

The Board met seven times in Financial Year viz. April 13, 2016, June 14, 2016, July 12, 2016, September 21, 2016, October 17, 2016, December 21, 2016 and January 13, 2017. The Board of Directors have passed two Circular Resolutions dated June 1, 2016 and November 14, 2016.

The names and categories of the Directors of the Company, their attendance at the Board Meetings held during the Financial Year 2016-17 and at the last Annual General Meeting of the Company held on July 12, 2016 are as follows:

Name	Category	Number of Meetings during the Financial Year 2016-17		Attendance at the last AGM held on July 12, 2016
		Held	Attended	(Yes/No/N.A)
Mr. M. G. Bhide	Non-Executive, Non-Independent	7	7	Yes
Dr. Narendra Mairpady	Non-Executive, Independent	7	7@	Yes
Mr. Debabrata Bandyopadhyay	Non-Executive, Independent	7	7	Yes
Mr. Gautam Parekh	Non-Executive, Independent	7	7	Yes

@ Dr. Narendra Mairpady attended the Board Meeting held on December 21, 2016 by means of Video Conference.

14. Declaration by Independent Directors

The Company has received declarations from each Independent Director of the Company under section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013.

15. Meeting of Independent Directors

The Independent Directors met once during the year under review. The meeting was conducted in an informal manner without the presence of the Managing Director, the Non-Executive Non-Independent Director and any of the Key Managerial Personnel.

16. Committee of the Board

The Board of Directors of the Company at its meeting held on January 12, 2016, constituted an Audit Committee and approved the terms of reference and the role of the said Committee. This Committee was formed in order to comply with the requirements prescribed under SEBI (Mutual Fund Regulations), 1996 and circulars issued thereunder.

The Audit Committee comprises of Mr. Gautam Parekh, Dr. Narendra Mairpady and Mr. Debabrata Bandyopadhyay, Independent Directors of the Company. The Committee met twice during the year viz. October 17, 2016 and December 21, 2016. The meetings were well attended by all the Members of the Committee.

17. Directors' Responsibility Statement

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013, your Directors confirm that:

i. In the preparation of the annual accounts for Financial Year ended March 31, 2017, the applicable accounting standards have been followed and there are no material departures in adoption of these standards;

ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at March 31, 2017 and of the loss of the Company for the year ended on that date;

iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. The Directors have prepared the annual accounts for year ended March 31, 2017 on a 'going concern' basis;

v. The Directors have devised proper systems to ensure compliance with provisions of all applicable laws and that such systems were adequate and operating effectively.

18. Extract of Annual Return

Pursuant to sub-section 3(a) of Section 134 and sub-section (3) of Section 92 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as at March 31, 2017 forms part of this Report and is appended as **Annexure I**.

19. Public Deposits

The Company has not accepted any deposits from the public or its employees during the year under review. No amount on account of principal or interest on deposits from the public was outstanding as on the date of balance sheet.

20. Auditors

Messrs. B. K. Khare & Co., Chartered Accountants [ICAI Firm Registration No. 105102W], Statutory Auditors of the Company hold the office till the conclusion of the forthcoming Annual General Meeting (AGM) and are eligible for re-appointment. Pursuant to the provisions of section 139 of the Companies Act, 2013 and the Rules framed thereunder, it is proposed to appoint Messrs. B. K. Khare & Co., as the Statutory Auditors of the Company from the conclusion of the forthcoming AGM till the conclusion of the next AGM.

As required under the provisions of Sections 139(1) read with Section 141 of the Companies Act, 2013, the Company has received a written certificate from Messrs. B. K. Khare & Co., Chartered Accountants to their re-appointment, and a Certificate to the effect that their re-appointment, if made, would be in accordance with the provisions of the Companies Act, 2013 and the Rules framed thereunder and that they satisfy the criteria provided in Section 141 of the Companies Act, 2013.

There are no qualifications, reservations or adverse remarks or disclaimers made by M/s. B. K. Khare & Co., Statutory Auditors, in their report.

21. Accounting Standards followed by the Company

The Financial Statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) and comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Act.

22. Reporting of Frauds

There are no frauds on or by the Company which were required to be reported by the Statutory Auditors of the Company to the Central Government.

23. Code of Conduct

The Board of Directors of the Company had adopted Code of Conduct at its meeting held on June 14, 2016, for Corporate Governance ("the Code") for its Directors. These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos. The Company has for the year under review, received declarations under the Code from the Board Members, affirming compliance with the Code.

24. Particulars of Loans, Guarantees or Investments under Section 186

The Company has not advanced any loans, provided any guarantees or made investments under Section 186 of the Companies Act, 2013 during the year under review.

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

25. Particulars of contracts or arrangements with Related Parties referred to in Section 188(1)

During the year, the Company had not entered into any contract/arrangement/transaction with related parties which could be considered material. Pursuant to Section 134(3) (h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, there are no transactions to be reported under Section 188(1) of the Companies Act, 2013. None of the Non-Executive Directors has any pecuniary relationships or transactions vis-à-vis the Company.

26. Material changes and commitments affecting the financial position of the Company

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the Financial Year of the Company to which the financial statements relate and the date of the Report.

27. Particulars regarding conservation of energy, technology absorption, and foreign exchange earnings and outgo

The particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 are given in **Annexure II**.

28. Risk Management Policy

The main business of the Company is to act as a Trustee to the schemes of Mahindra Mutual Fund. The Trustee Company has appointed Mahindra Asset Management Company Private Limited (AMC) to manage the schemes of the Trust such as launching of new schemes, marketing and collection of funds, investment management of the funds, settlement and valuation of securities, risk management, etc. Accordingly, the Trustee Company supervises the management of the schemes by requesting MIS, Management Reports and Internal Audit reports from the AMC. The AMC has put in place a risk management policy in order to effectively manage the schemes of the Trust. The Trustee Company regularly reviews the risk management processes of the AMC and gets reports on the same from the internal auditor.

29. Internal Financial Control System

The Company has adequate internal control procedures commensurate with its size and nature of the business. These business control procedures ensure efficient use and protection of the resources and compliance with the policies, procedures and statutes. A firm of experienced Chartered Accountants had carried Internal Audit throughout the year. Whenever it is required, the systems and procedures are upgraded. During the year under review, no material or serious observation has been received from the Internal Auditors of the Company for inefficiency or inadequacy of such controls.

30. Subsidiaries

The Company does not have any subsidiary as on March 31, 2017 or during the Financial Year ended on that date.

31. Significant and Material Orders passed by the Regulators or Courts

There are no significant and material orders passed by the Regulators/Courts which would impact the going concern status of the Company and its future operations.

32. 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:

- There are no employees in the Company and hence during the year under review the Company has not received any complaint under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
- Change in the nature of business carried out by the Company during the year under review.
- Payment of Remuneration or Commission to the Managing Director or the Whole Time Director of the Company from any of its subsidiaries.
- Details about the policy developed and implemented by the Company on Corporate Social Responsibility initiative taken during the year.

For and on behalf of the Board

M. G. BHIDE
Chairman

Mumbai, April 15, 2017

Registered Office:
"A" Wing, 4th Floor
Mahindra Towers, 570 P B Marg
P. K. Kurne Chowk, Worli,
Mumbai - 400018.
CIN: U67100MH2013PTC245464
Tel.: 91 22 6652 6000 Fax: 91 22 2498 4170

ANNEXURE I TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return for the year ended on March 31, 2017
[Pursuant to Section 92(3) and Rule 12(1) of the
Companies (Management and Administration) Rules, 2014]

I. Registration and other details.

i.	**CIN**	U67100MH2013PTC245464
ii.	**Registration Date**	July 10, 2013
iii.	**Name of the Company**	Mahindra Trustee Company Private Limited
iv.	**Category/Sub-Category of the Company**	Public Limited Company by shares (being a subsidiary of a Public Limited Company)
v.	**Address of the Registered office and contact details**	4th Floor, Mahindra Towers, A Wing, P. B. Marg, Worli, Mumbai - 400018. Tel.: 91 22 6652 6000 Fax: 91 22 2498 4170 Email: mfinvestors@mahindra.com Website: www.mahindramutualfund.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 shall be stated:-

Sl. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the Company
1.	Trusteeship	74	98%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Mahindra & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai – 400 001.	L65990MH1945PLC004558	Ultimate Holding Company	100%*	Section 2(46)
2.	Mahindra & Mahindra Financial Services Limited Mahindra Towers, P K Kurne Chowk, Worli, Mumbai – 400 018.	L65921MH1991PLC059642	Holding Company	100%	Section 2(46)

* There is no direct shareholding in the Company by Mahindra & Mahindra Limited, the ultimate Holding Company. Shares are held through Mahindra & Mahindra Financial Services Limited, subsidiary of Mahindra & Mahindra Limited.

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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corporate	–	1,50,000	1,50,000	100	–	5,00,000	5,00,000	100	–
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A) (1):-	–	1,50,000	1,50,000	100	–	5,00,000	5,00,000	100	–
(2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	–
b) Other - Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corporate	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A)(2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**–**	**1,50,000**	**1,50,000**	**100**	**–**	**5,00,000**	**5,00,000**	**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 Corporate	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–

Category of Shareholders	**No. of Shares held at the beginning of the year**				**No. of Shares held at the end of the year**				**% Change during the year**
	Demat	**Physical**	**Total**	**% of Total Shares**	**Demat**	**Physical**	**Total**	**% of Total Shares**	
ii) Individual Shareholders holding nominal share capital in excess of Rs. 1 lakh									
c) Others (specify)	–	–	–	–	–	–	–	–	–
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)	–	**1,50,000**	**1,50,000**	**100**	–	**5,00,000**	**5,00,000**	**100**	–

(ii) Shareholding of Promoters

Sl. No.	**Shareholder's Name**	**Shareholding at the beginning of the year**			**Share holding at the end of the year**			**% change in share holding during the year**
		No. of shares	**% of total shares of the company**	**% of shares pledged/ encumbered to total shares**	**No. of shares**	**% of total shares of the company**	**% of shares pledged/ encumbered to total shares**	
1.	Mahindra & Mahindra Financial Services Limited	1,49,998	100	–	4,99,998	100	–	–
2.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. M. G. Bhide	1	–	–	1	–	–	–
3.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. R. K. Kulkarni	1	–	–	1	–	–	–
	Total	**1,50,000**	**100**	–	**5,00,000**	**100**	–	–

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

Sl. No.	**Particulars**	**Shareholding at the beginning of the year**		**Cumulative Shareholding during the year**	
		No. of shares	**% of total shares of the Company**	**No. of shares**	**% of total shares of the Company**
1	**At the beginning of the year**				
(i)	Mahindra & Mahindra Financial Services Limited (MMFSL)	1,49,998	100	4,99,998	100
(ii)	Mahindra & Mahindra Financial Services Limited Jointly with Mr. M. G. Bhide	1	–	1	–
(iii)	Mahindra & Mahindra Financial Services Limited Jointly with Mr. R. K. Kulkarni	1	–	1	–
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	The Company allotted to existing shareholders on Rights basis 1,00,000 equity shares of Rs. 10 each aggregating to Rs. 10,00,000 on August 29, 2016 and subsequently 2,50,00 equity shares of Rs. 10 each aggregating to Rs. 25,00,000 on November 9, 2016.			
2	**At the end of the year**	**1,50,000**	**100**	**5,00,000**	**100**

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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	Not Applicable			
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	Not Applicable			
	At the End of the year (or on the date of separation, if separated during the year)	Not Applicable			

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mr. M. G. Bhide (jointly with Mahindra & Mahindra Financial Services Limited)				
	At the beginning of the year (As on April 1, 2016)	1	0.00	1	0.00
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No Change			
	At the End of the year (As on March 31, 2017)	1	0.00	1	0.00
2.	Mr. Gautam Parekh				
	At the beginning of the year (As on April 1, 2016)	Nil	0.00	Nil	0.00
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No Change			
	At the End of the year (As on March 31, 2017)	Nil	0.00	Nil	0.00
3.	Dr. Narendra Mairpady				
	At the beginning of the year (As on April 1, 2016)	Nil	0.00	Nil	0.00
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No Change			
	At the End of the year (As on March 31, 2017)	Nil	0.00	Nil	0.00
4.	Mr. Debabrata Bandyopadhyay				
	At the beginning of the year (As on April 1, 2016)	Nil	0.00	Nil	0.00
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No Change			
	At the End of the year (As on March 31, 2017)	Nil	0.00	Nil	0.00
5.	Mr. Ravi Dayma				
	At the beginning of the year (As on April 1, 2016)	Nil	0.00	Nil	0.00
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No Change			
	At the End of the year (As on March 31, 2017)	Nil	0.00	Nil	0.00

V. INDEBTEDNESS

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

Rs. in Lakhs

	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:

Rs. in Lakhs

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Managing Director	Whole time Director	Manager	
1.	Gross salary	–	–	–	–
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	–	–	–	–
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	–	–	–	–
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission – as % of profit – others	– –	– –	– –	– –
5.	Others	–	–	–	–
	Total (A)	–	–	–	–
	Ceiling as per the Act	–	–	–	–

B. Remuneration to other directors:

Rs. in Lakhs

Particulars of Remuneration				Total Amount
1. Independent Directors	Mr. Gautam Parekh	Dr. Narendra Mairpady	Mr. Debabrata Bandyopadhyay	
• Fee for attending board/committee meetings	5,10,000	5,10,000	5,10,000	15,30,000
• Commission	–	–	–	–
• Others	–	–	–	–
Total (1)	**5,10,000**	**5,10,000**	**5,10,000**	**15,30,000**

2. Other Non-Executive Directors	**Mr. M. G. Bhide**			
• Fee for attending board/committee meetings	4,90,000			
• Commission	–	–	–	–
• Others	–	–	–	–
Total (2)	**4,90,000**	–	–	**4,90,000**
Total (B)=(1+2)				**20,20,000**
Total Managerial Remuneration				**20,20,000**
Overall Ceiling as per the Act	The Company has incurred losses and has not yet commenced business during the period under review.			

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1	Gross salary	–	–	–	–
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	–	–	–	–
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	–	–	–	–
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission – as % of profit – others	 – –	 – –	 – –	 – –
5.	Others	–	–	–	–
	Total	–	–	–	–

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					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment			NONE		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

ANNEXURE II TO THE DIRECTORS' REPORT

Information pursuant to section 134(3)(m) of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014 in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo

(A) Conservation of energy-

i. the steps taken or impact on conservation of energy;
The operations of your Company are not energy intensive. However, adequate measures have been initiated to reduce energy consumption

ii. the steps taken by the company for utilising alternate sources of energy – The operations of your Company are not energy intensive

iii. the capital investment on energy conservation equipments – Nil

(B) Technology absorption-

i. the efforts made towards technology absorption – *None.*

ii. the benefits derived like product improvement, cost reduction, product development or import substitution – *Not applicable.*

iii. in case of imported technology (imported during the last three years reckoned from the beginning of the Financial Year):

a) the details of technology imported : *None*

b) the year of import; : *Not applicable*

c) whether the technology been fully absorbed; : *Not applicable*

d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and : *Not applicable*

iv the expenditure incurred on Research and Development – *Nil*.

(C) Foreign exchange earnings and Outgo

There were no foreign exchange earnings or outgo during the year.

For and on behalf of the Board

M. G. Bhide
Chairman

Mumbai, 15th April, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MAHINDRA TRUSTEE COMPANY PRIVATE LIMITED

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of **Mahindra Trustee Company Private Limited** ("the Company"), which comprise the balance sheet as at March 31, 2017, and the statements of profit and loss and cash flow for the period from April 1, 2016 to March 31, 2017, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

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

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2017, and its loss and its cash flows for the period from April 1, 2016 to March 31, 2017.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.

10. As required by Section 143(3) of the Act, we report that:

    a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

    b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;

    d. in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

    e. on the basis of written representations received from the directors as on March 31, 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 no pending litigation.

   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. The Company has been in existence for a period less than seven years and hence there is no requirement to transfer any amounts to the Investor Education and Protection Fund.

   iv. The company has provided requisite disclosures in the standalone 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 by to us by the Management. Refer Note No. 15.

FOR B. K. KHARE & CO.
Chartered Accountants
Firm's Registration Number: 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Place: Mumbai
Date: April 15, 2017

ANNEXURE I TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the standalone financial statements of **Mahindra Trustee Company Private Limited** for the year ended March 31, 2017.

Annexure to the Auditor's Report referred to in our report of even date:

I. (a) and (b) The Company does not have any fixed assets of its own and hence para 3(I)(a) and 3(I)(b) are not applicable to the Company.

(c) The Company has no immovable properties and hence para 3(i)(c) is not applicable to the company

II. On facts, Clause 3(ii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.

III. No parties are covered in the register maintained under section 189 of Companies Act, 2013 by the Company. Therefore, clause 3(iii) (a), (b) & (c) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.

IV. In our opinion and according to the information and explanations given to us the provisions of section 186 of the Companies Act, 2013 have been complied with. During the year, the Company has not provided loan to any of its directors', therefore, provisions of section 185 were not applicable during the year.

V. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. Consequently, no order has been passed by the Company Law Board or National Company Law Commission or Reserve Bank of India or any court or any other tribunal on the Company. The clause 3(v), therefore is not applicable to the company.

VI. On facts, clause 3(vi) relating to maintenance of cost records is not applicable to the company.

VII. (a) According to the records of the Company and information and explanations given to us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax,, Excise Duty, Service Tax, Customs Duty, value added tax, and other statutory dues applicable to it with the concerned authorities.

(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, 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.

(c) According to the records of the company and information and explanations given to us there are no disputed dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax which have not been deposited with the relevant authority.

VIII. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not borrowed any money from financial institution, Government or bank or debenture holders as at the Balance Sheet date.

IX. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and term loans.

X. On the basis of our examination of the relevant records of the Company, carried out in accordance with generally accepted auditing practices and according to the information and explanations given to us, no fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year.

XI. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has paid or provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

XII. The Company is not a 'Nidhi Company', therefore, clause 3(xii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.

XIII. On the basis of examination of relevant records and according to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable. The Company has disclosed the details of transactions with related parties in the Financial Statements as required by the applicable accounting standards.

XIV. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit; therefore, clause 3(xiv) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.

XV. On the basis of examination of relevant records and according to the information and explanations given to us, in our opinion, the Company has not entered into any non-cash transactions with directors or persons connected with them.

XVI. On the basis of examination of relevant records and according to the information and explanations given to us, in our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

FOR B. K. KHARE & Co.
Chartered Accountants
Firm's Registration Number: 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Place: Mumbai
Date: April 15, 2017

ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF MAHINDRA TRUSTEE COMPANY PRIVATE LIMITED

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

We have audited the internal financial controls over financial reporting of **Mahindra Trustee Company Private Limited** ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the period from April 1, 2016 to March 31, 2017.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 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 ICAI.

FOR B. K. KHARE & Co.
Chartered Accountants
Firm's Registration Number: 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Place: Mumbai
Date: April 15, 2017

BALANCE SHEET AS AT MARCH 31, 2017

(In `)

Particulars	Note No.	As at **March 2017**	March 2016
I. EQUITY & LIABILITIES			
1) Shareholders' funds			
a) Share Capital	1	**5,000,000**	1,500,000
b) Reserves and Surplus	2	**(2,780,060)**	(745,222)
		2,219,940	754,778
2) Non-current liabilities			
a) Other Long-term liabilities	3	**100,000**	100,000
		100,000	100,000
3) Current liabilities			
a) Trade payables	4		
i) Micro and Small Enterprises			
ii) Other Trade Payables		**55,784**	39,192
b) Other current liabilities	5	**2,070**	10,168
		57,854	49,360
Total		**2,377,794**	904,138
II. ASSETS			
1) Current assets			
a) Current investments	6	**1,706,406**	–
b) Trade Receivable	7	**69,246**	–
c) Cash and bank balance	8	**254,818**	842,217
d) Other current assets	9	**347,324**	61,921
		2,377,794	904,138
Total		**2,377,794**	904,138
Summary of significant accounting policies and notes to the financial statements	I & II		

The notes referred to above form an integral part of the Balance Sheet
This is the Balance Sheet referred in our report of even date

For B. K. KHARE & CO.
Chartered Accountants
Firm Regn No. 105102W

For and on behalf of the Board
M. G. Bhide
Chairman

Padmini Khare Kaicker
Partner
Membership No. 44784

Narendra Mairpady
Director

Gautam Parekh
Director

Debabrata Bandyopadhyay
Director

Place : Mumbai
Date : 15th April, 2017

Ravi Dayma
Company Secretary

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

(In `)

Particulars	Note No.	For the Year Ended March 2017	March 2016
I. Revenue from operations	10	**310,928**	–
II. Other income	11	**6,406**	–
III. Total Revenue (I + II)		**317,334**	–
IV. Expenses:			
Other expenses	12	**2,352,172**	491,880
Total expenses		**2,352,172**	491,880
V. Loss before tax (III - IV)		**(2,034,838)**	(491,880)
VI. Tax expense:			
(1) Current tax		**–**	–
(2) Deferred tax		**–**	–
VII. Loss for the year (V - VI)		**(2,034,838)**	(491,880)
VIII. Earnings per equity share (Rupees):	13		
(1) Basic		**(6.62)**	(6.14)
(2) Diluted		**(6.62)**	(6.14)
Summary of significant accounting policies and notes to the financial statements	I & II		

The notes referred to above form an integral part of the Statement of Profit & Loss

This is the Statement of Profit & Loss referred in our report of even date

For B. K. KHARE & CO.
Chartered Accountants
Firm Regn No. 105102W

For and on behalf of the Board
M. G. Bhide
Chairman

Padmini Khare Kaicker
Partner
Membership No. 44784

Narendra Mairpady
Director

Gautam Parekh
Director

Debabrata Bandyopadhyay
Director

Place : Mumbai
Date : 15th April, 2017

Ravi Dayma
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

Particulars		For the Year Ended March 2017	(In `) March 2016
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxes and contingencies		**(2,034,838)**	(491,880)
Add: Items considered separately:			
(Profit)/Loss on sale of Investment		**(6,406)**	–
		(6,406)	–
Operating Loss before working capital changes	**(I)**	**(2,041,244)**	(491,880)
Add/Less:			
(Increase)/Decrease in Trade Receivable		**(69,246)**	–
(Increase)/Decrease in Other Current Assets		**(285,403)**	(39,531)
(Increase)/Decrease in Loans & Advances		**–**	–
		(354,649)	(39,531)
Add: Increase in Current Liabilities & Provisions		**8,494**	24,606
	(II)	**(346,155)**	(14,925)
Cash used in operations	**(I+II)**	**(2,387,399)**	(506,805)
NET CASH USED IN OPERATING ACTIVITIES (A)		**(2,387,399)**	(506,805)
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Investments		**(2,700,000)**	–
Sale of Investments		**1,000,000**	–
NET CASH USED IN INVESTING ACTIVITIES (B)		**(1,700,000)**	–
C. CASH FLOW FROM FINANCING ACTIVITIES			
Issue of Equity Shares		**3,500,000**	1,000,000
Increase/(Decrease) in Other Long Term Liabilities (net)		**–**	100,000
NET CASH FLOW FROM FINANCING ACTIVITIES (C)		**3,500,000**	1,100,000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		**(587,399)**	593,195
CASH AND CASH EQUIVALENTS AS AT:			
Beginning of the year		**842,217**	249,022
End of the year		**254,818**	842,217

Examined and found correct.

The above Cash Flow Statement has been prepared under the Indirect Method as set out in the Accounting Standard 3 (As-3), "Cash Flow Statements."

For B. K. KHARE & CO.
Chartered Accountants
Firm Regn No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 44784

Place : Mumbai
Date : 15th April, 2017

For and on behalf of the Board
M. G. Bhide
Chairman

Narendra Mairpady
Director

Gautam Parekh
Director

Debabrata Bandyopadhyay
Director

Ravi Dayma
Company Secretary

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

CORPORATE INFORMATION

The Company, Mahindra Trustee Company Private Limited ('the Company') was incorporated under the Companies Act, 1956 on July 10, 2013. The company is a subsidiary of Mahindra & Mahindra Financial Services Ltd. The company is incorporated to function as a Trustee to the Mahindra Mutual Fund. The company has been granted a license from SEBI. The Company has entered into an Investment Management Agreement with Mahindra Asset Management Company Private Limited (Investment Manager) for managing the schemes of Mahindra Mutual Fund. During 2016-17, the Investment Manager launched four schemes of Mahindra Mutual Fund. Consequently, the Company earned trustee fees from these schemes during 2016-17.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

1) BASIS OF PREPARATION OF ACCOUNTS

a. The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (IGAAP) under the historical cost convention as a going concern and on an accrual basis and in accordance with the provisions of the Companies Act, 2013 and the Accounting Standards notified under Section 133 of the Companies Act, 2013.

b. All assets and liabilities have been classified as current and non – current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of services and their realisation in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

2) USE OF ESTIMATES

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as on the date of the financial statements and the reported income and expenses during the reporting year. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in current and future years.

3) SEGMENT REPORTING

The Company has a single reporting segment viz income from trusteeship services provided to the schemes of Mahindra Mutual Fund. Accordingly, for the purpose of Accounting Standard 17 on segment reporting, the financial statements of the Company show the results of the Company for this single segment only.

4) INVESTMENTS

Investments held as Long –Term Investments are stated at cost comprising of acquisition and incidental expenses less permanent diminution in value, if any. Investments other than Long Term investments are classified as current Investments and valued at cost or fair value whichever is less.

Provision for diminution in value of investments is made if management perceives that there is permanent diminution in value of investments in accordance with the Accounting Standard on 'Accounting for Investments' (AS 13) notified by Companies (Accounting Standards) Rules, 2006.

5) REVENUE RECOGNITION

Trustee Fees are recognised as revenue when the trusteeship services are performed for the schemes of Mahindra Mutual Fund.

Dividend from investments is accounted for as an income when the right to receive dividend is established.

Interest income is accounted on an accrual basis.

The difference between the cost of investments and the redemption/ sale proceeds (net of expenses) is recognised in the statement of Profit and Loss. For calculation of profit/loss on investment, cost is calculated on weighted average basis.

6) SHARE ISSUE EXPENSES

Expenses incurred in connection with fresh issue of share capital is charged to Profit and Loss account in the year in which they are incurred.

7) TAXES ON INCOME

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future tax income will be available against which such deferred tax assets can be realised.

8) PROVISIONS AND CONTINGENT LIABILITIES

a) Provision for doubtful debts is made on the basis of standard norms and also, where required, on actual evaluation.

b) Provisions are recognised in accounts in respect of present probable obligations, the amount of which can be reliably estimated. Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company.

9) EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares etc. that have changed the number of equity shares outstanding, without corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average numbers of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

II. NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31st MARCH 2017

1) Share Capital:

Particulars	In ` March 2017	In ` March 2016
Authorised Capital :		
10,00,000 Equity shares of Rs.10/- each	**1,00,00,000**	25,00,000
(March 2016 : 2,50,000 shares)		
Issued Capital :		
5,00,000 Equity shares of Rs.10/- each	**50,00,000**	15,00,000
(March 2016 :1,50,000 shares)		
Subscribed and Paid-up Capital :		
5,00,000 Equity shares of Rs.10/- each	**50,00,000**	15,00,000
(March 2016 : 1,50,000 shares)		
Total	**50,00,000**	15,00,000

	Particulars	March 2017		March 2016	
		Number of Shares	`	Number of Shares	`
a)	**Reconciliation of the number of shares -**				
	Number of equity shares outstanding at the beginning of the year	**1,50,000**	**15,00,000**	50,000	5,00,000
	Add :Fresh allotment of shares during the year	**3,50,000**	**35,00,000**	1,00,000	10,00,000
	Less : Shares bought back during the year				
	Number of equity shares outstanding at the end of the year	**5,00,000**	**50,00,000**	1,50,000	15,00,000
b)	**Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries/ associates -**				
	Holding company : Mahindra & Mahindra Financial Services Limited (Equity shares of Rs. 10/- each)	**5,00,000**	**50,00,000**	1,50,000	15,00,000
	Percentage of holding (%)	**100**	**100**	100	100
c)	**Shareholders holding more than 5 percent shares :**				
	Mahindra & Mahindra Financial Services Limited	**5,00,000**	**50,00,000**	1,50,000	15,00,000

2. Reserves & Surplus

Particulars	In ` March 2017	In ` March 2016
Surplus:		
Balance Profit as per last Balance Sheet	**(7,45,222)**	(2,53,342)
Add : Profit/(Loss) for the current year transferred from Statement of Profit & Loss	**(20,34,838)**	(4,91,880)
Balance Profit carried to Balance Sheet	**(27,80,060)**	(7,45,222)
Less : Allocations & Appropriations:	**–**	–
Balance as at the end of the period	**(27,80,060)**	(7,45,222)
Total	**(27,80,060)**	(7,45,222)

3. Other Long Term Liabilities

Particulars	In ` March 2017	In ` March 2016
Initial Corpus of Mahindra Mutual Fund (*)	**1,00,000**	1,00,000
Total	**1,00,000**	1,00,000

(*) The initial Corpus is contributed by Mahindra & Mahindra Financial Services Ltd to Mahindra Trustee Co Pvt Ltd towards corpus of Mahindra Mutual Fund.

4. Trade Payables

Particulars	In ` March 2017	In ` March 2016
Trade payables for expenses		
Micro and Small Enterprises (Refer Note No 16)	**–**	–
Other than Micro and Small Enterprises	**55,784**	39,192
Total	**55,784**	39,192

5. Other Current Liabilities

Particulars	In ` March 2017	In ` March 2016
Statutory dues payable		
TDS Payable	**2,000**	10,168
Service Tax Payable	**70**	–
Total	**2,070**	10,168

6. Current Investments

Particulars	In ` March 2017	In ` March 2016
Unquoted (at cost)		
Investment in Schemes of Mutual Fund		
Mahindra Liquid Fund Direct Growth	**17,06,406**	–
(Market Value Rs 17,46,324)		
Total	**17,06,406**	–

7. Trade Receivable

Particulars	In ` March 2017	In ` March 2016
Unsecured, considered good unless otherwise stated		
Outstanding for a period exceeding six months		
Others	**69,246**	–
Total	**69,246**	–

8. Cash and Bank Balance

Particulars	In ` March 2017	In ` March 2016
Balance with Scheduled Banks in Current Accounts	**2,54,818**	8,42,217
Total	**2,54,818**	8,42,217

9. Other Current Assets

Particulars	In ` March 2017	In ` March 2016
TDS Receivable	**31,092**	–
Service tax credit available	**3,16,233**	61,921
Total	**3,47,325**	61,921

10. Revenue from operations

Particulars	In ` March 2017	In ` March 2016
Trusteeship fees (Gross)	**3,57,567**	–
Less: Service Tax	**46,639**	–
Trusteeship fees (Net)	**3,10,928**	–
Total	**3,10,928**	–

11. Other Income

Particulars	In ` March 2017	In ` March 2016
Profit on redemption of current investment	**6,406**	–
Total	**6,406**	–

12. Other Expenses

Particulars	In ` March 2017	In ` March 2016
Rates and Taxes	**21,775**	12,000
Directors sitting fees	**20,29,700**	3,40,000
Bank Charges	**327**	81
Legal and Professional Fees	**56,777**	48,588
Filing fees	**5,602**	6,100
Audit Fees (Net of service tax)		
– Audit	**20,100**	20,101
Share Issue Expenses	**1,57,000**	65,010
Travelling expenses	**60,893**	–
Total	**23,52,174**	4,91,880

13. In Accordance with the Accounting Standard on "Earning Per Share "(AS 20) Issued by the Institute of Chartered Accountants of India, the EPS is as follows:

Particulars	In ` FY 2016-17	In ` FY 2015-16
Net Profit/(Loss) attributable to Equity Share Holders	**(20,34,838)**	(4,91,880)
Weighted Average Numbers of Shares (*)	**3,07,397**	80,055
EPS – (Basic)	**(6.62)**	(6.14)
EPS – (Diluted)	**(6.62)**	(6.14)

14. Related Party Disclosure as per Accounting Standard 18:

A) List of the related parties which have transactions with our Company during the year:

Holding Company	Mahindra & Mahindra Financial Services Limited

B) Related party transactions are as under:

` in Lakhs

Sr No.	Nature of transactions		Holding Companies
1	Issue of Equity Shares	Mahindra and Mahindra Financial Services Ltd	35 (10)

Note: Figures in bracket represent corresponding figure of previous year.

15. Details of Specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016 as provided in the Table below:-

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	NIL	NIL	NIL
(+) Permitted receipts	NIL	NIL	NIL
(-) Permitted payments	NIL	NIL	NIL
(-) Amounts deposited in Banks	NIL	NIL	NIL
Closing cash in hand as on 30.12.2016	NIL	NIL	NIL

16. None of the suppliers have submitted their confirmation towards Micro, Small and Medium Enterprises, thus there is no principal or interest dues thereon outstanding to any such supplier at the end of accounting year.

17. As stated in the corporate information, the revenues from business operations of the Company started from July 2016 after the launch of the first scheme of Mahindra Mutual Fund. Accordingly, current year figures are not comparable with the previous year figures

Signatures to Significant accounting policies and Notes to the financial statements – I and II

For B. K. KHARE & CO.
Chartered Accountants
(FRN:105102W)

M. G. Bhide
Chairman

Padmini Khare Kaicker
Partner
Membership No. 44784

Narendra Mairpady
Director

Debabrata Bandyopadhyay
Director

Gautam Parekh
Director

Ravi Dayma
Company Secretary

Mumbai, 15th April, 2017

DIRECTORS' REPORT

Board's Report to the Members

Your Directors present their eighteenth report together with the audited financial statement of your Company for the year ended on 31st March, 2017.

FINANCIAL HIGHLIGHTS (STAND-ALONE)

(` in lakh)

	2017	2016
Income from Operations	**68,055**	50,211
Other Income	**7,265**	9,943
Total Income	**75,320**	60,154
Profit Before Depreciation, Finance cost and Taxation	**10,686**	16,749
Less : Depreciation	**434**	396
Profit Before Finance cost and Taxation	**10,252**	16,353
Less : Finance Cost	**3,197**	4,696
Profit Before Taxation	**7,055**	11,657
Less : Provision for Taxation		
• Current Tax	**2,349**	3,709
• Deferred Tax (including MAT Credit)	**(188)**	120
Profit After Tax	**4,894**	7,828
Add : Balance of Profit for earlier years	**50,120**	48,225
Amount available for appropriation		
Dividend paid* on Equity Shares (including tax on distributed profits)	**2,963**	2,798
Less/(Add): Transfer to/(from) Debenture Redemption Reserve	**(1,031)**	3,135
Balance carried forward	**53,082**	50,120

* *Pursuant to applicable provisions of Indian Accounting Standards, the dividend amount mentioned in the columns for 2017 and 2016 represents the dividend amount paid (including tax on distributed profits) for the financial years 2016 and 2015, respectively.*

DIVIDEND

For the Financial Year 2016-17, your Directors have recommended a dividend of ` 6 per equity share of the face value of ` 10 each of the Company, i.e. 60 percent, payable to those shareholders whose names appear in the Register of Member as on the Book Closure Date.

The equity dividend outgo for the proposed dividend on equity shares for the financial year 2016-17 inclusive of tax on distributed profits (net of tax on distributed profits on dividend receivable from the subsidiaries during the current financial year) would absorb a sum of ` 2,753.91 lakh.

DIVIDEND DISTRIBUTION POLICY

In terms of Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR"), the Board of Directors of the Company at its meeting held on 27th October, 2016 has formulated and adopted 'Dividend Distribution Policy'. The Dividend Distribution Policy is attached herewith and marked as **Annexure 1** and is also available on the company's website at https://www.mahindralifespaces.com/media/1315/dividend-distribution-policy.pdf.

RESERVES

Out of the profits available for appropriation, no amount has been transferred to any reserves for the year under review.

OPERATIONS/STATE OF THE COMPANY'S AFFAIRS

The macro-economic environment in India during 2016 - 17 showed a moderate decline. According to the provisional estimates released by the Central Statistics Office, India's Gross Value Added (GVA) growth for 2016-17 is pegged at 6.6 per cent, compared to 7.9 per cent in the previous year. On the positive side, the impact of demonetisation on economic activity was not as pronounced over a longer period of time as was initially envisaged and economic activity showed some improvement towards the end of the year. As far as the real estate sector is concerned, while the overall demand situation remained muted during the first half of the year, the same was further impacted during the November to January period. However, since then, enquiry levels improved, which if sustained can help improve the overall demand situation.

In the residential segment, the Company, along with its subsidiaries, sold 889 residential units aggregating 0.95 million square feet of saleable area in 2016-17. Construction activity was completed in six phases across three of its projects aggregating 0.93 million square feet during 2016-17, and taking the completed area to over 4.2 million square feet in the last two years. This also meant a significant increase in handovers. The Company handed over 2,254 units to its customers in 2016-17, almost three-times the 823 units handed over in the previous year.

In the integrated cities and the industrial clusters segment, over 75 acres of land leases were concluded during the year across the two operational World Cities in Jaipur and Chennai, compared to 29 acres in 2015-16. The Company expects to further benefit from the ability to market to a wider customer base at Jaipur upon conversion of the sector-specific SEZs into a multi-product SEZ. In addition, it is gearing up to launch two new industrial clusters near Chennai and Ahmedabad — in line with its strategy for growth in this segment.

Affordable housing continues to be an important growth area for the Company. Learnings from its two pilot projects at Avadi and Boisar have enabled the Company to structure a standardised model that can be scalable. The outlook in the affordable housing space is promising, especially with recent developments on the government policies front driven by the agenda of 'Housing for All'.

A more detailed account of the Company's operations is provided in the Management Discussion and Analysis Report, which forms a part of this Annual Report.

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

The consolidated total income of your Company increased from ` 68,717 lakh in 2015-16 to ` 83,102 lakh in 2016-17. The consolidated Profit before tax (PBT) stood at ` 13,890 lakh in 2016-17 as compared to ` 13,752 lakh in 2015-16, whereas the consolidated profit after tax (PAT) and minority interest was ` 10,224 lakh in 2016-17 as compared to ` 9,170 lakh in 2015-16.

Total income of your Company as a standalone entity was ` 75,320 lakh as compared to ` 60,154 lakh in 2015-16. PBT was ` 7,055 lakh as compared to ` 11,657 lakh in 2015-16, whereas PAT was ` 4,894 lakh as compared to ` 7,828 lakh in 2015-16. Total income in 2016 -17 includes dividend income of ` 824 lakh received from its subsidiary company Mahindra World City (Jaipur) Limited. In 2015-16, the Company had received dividend income of ` 629 lakh from Mahindra World City (Jaipur) Limited and ` 178 lakh from Mahindra World City Developers Limited, subsidiaries of the Company.

No material changes and commitments have occurred after the close of the year till the close of this Report, which affects the financial position of the Company.

AWARDS AND RECOGNITION

Your Company and its subsidiaries received several awards and recognitions during 2016-17. Some of the prestigious awards are:

- Mahindra Lifespace Developers Ltd was ranked 28th amongst Top 100 companies in Asia in the 2016 Channel NewsAsia Sustainability Ranking.
- Mahindra Lifespace Developers Ltd was ranked 2nd in the Diversified/Listed Category-Asia in the 2016 Global Real Estate Sustainability Benchmark (GRESB) Rankings.
- Mahindra Lifespace Developers Ltd was awarded the 2016 Porter Prize for Excellence in Governance.
- Mahindra Lifespace Developers Ltd was selected as a "2016 Working Mother and AVTAR 100 Best Company for Women in India".
- Splendour by Mahindra Lifespaces Developers Ltd was among the Top 3 projects around the world to be honoured with the 'Global Human Settlements Model of Residential Area' at the United Nations Conference on Housing and Sustainable Urban Development.
- Three projects by Mahindra Lifespaces Developers Ltd — Windchimes in Bengaluru, Luminare in Gurgaon and Antheia in Pune — were conferred with the Vishwakarma Award for Health, Safety and Environment by the Construction Industry Development Council.
- Happinest Avadi received the 'Best Low Cost Housing Apartment Project of the Year' award at the NDTV Property Awards 2016.
- Mahindra World City Jaipur received the CSR Excellence Award by the Department of Industries and CSR, Government of Rajasthan under 'Life on Land' category.

SHARE CAPITAL

During the year, the Company has allotted 20,400 equity shares of ` 10 each at an exercise price of ` 10 per share to the eligible grantees pursuant to exercise of stock options granted under Employee Stock Option Scheme - 2012 (ESOS - 2012). No Stock Options were exercised under Employee Stock Option Scheme – 2006 (ESOS – 2006).

Consequently, during the year, the issued equity share capital has increased from ` 4,107.40 lakh to ` 4,109.44 lakh and the subscribed and paid up equity share capital of the Company has increased from ` 4,103.32 lakh to ` 4,105.36 lakh.

In April 2017, the Company has allotted 2,050 equity shares of ` 10 each at an exercise price of ` 10 per share to the eligible grantees pursuant to exercise of stock options granted under ESOS - 2012. Consequently, the issued equity share capital has increased from ` 4,109.44 lakh to ` 4,109.65 lakh and the subscribed and paid up equity share capital of the Company has increased from ` 4,105.36 lakh to ` 4,105.56 lakh.

The allotment of 40,851 equity shares of the Company has been kept in abeyance in accordance with Section 206A of the Companies Act, 1956 (now corresponding to Section 126 of the Companies Act, 2013), till such time the title of the bonafide owner of the shares is certified by the concerned Stock Exchange or the Special Court (Trial of offenses relating to transactions in Securities).

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

RIGHTS ISSUE

The Board of Directors had at its meeting held on 27th October, 2016, approved Rights Issue upto an amount of ` 300 crore. The Rights Issue of 10,273,600 equity shares at a price of ` 292 (including face value of ` 10 each) per equity share aggregating ` 2,99.99 crore in the ratio of 1:4, that is, 1 (one) Right Equity Share for every 4 (four) fully paid-up equity shares of the Company held by the Equity Shareholders on the Record Date i.e. 31st March, 2017. The Rights Issue was opened on 12th April, 2017, and closed on 26th April, 2017 (both days inclusive). The Rights Issue proceeds are being utilized for the purpose of the Issue, i.e. payment of Rights Issue expenses, repayment of debt and for general corporate purposes. There is no deviation in the use of Rights Issue proceeds from the objects stated in the Letter of Offer dated 27th March, 2017. The Right Issue was subscribed 129.18 percent of the Issue size in terms of number of equity shares applied. The Basis of Allotment was finalized on 4th May, 2017 in consultation with the BSE Limited, the Designated Stock Exchange. Accordingly, the basis of allotment was approved and 10,263,388 Equity Shares of face value of ` 10 each, issued at a price of ` 292 per Equity Share (including a premium of ` 282 per Equity Share) fully paid up were allotted on 5th May, 2017 by the Rights Issue Committee. The said equity shares have been listed on the BSE Limited and National Stock Exchange of India Limited and they rank pari-passu with the existing equity shares in all respects. The allotment of 10,212 Rights Equity Shares have been kept in abeyance pursuant to provisions of the Companies Act, 2013, till such time the title of the bona-fide owner of the shares is certified by the concerned Stock Exchange or the Special Court (Trial of offenses relating to transactions in Securities).

Consequently, the issued equity share capital has increased from ` 4,109.65 lakh to ` 5,137.01 lakh and the subscribed and paid up equity share capital of the Company has increased from ` 4,105.56 lakh to ` 5,131.90 lakh. The Securities Premium account has increased from ` 68,495.25 lakh to ` 97,438.00 lakh.

NON-CONVERTIBLE DEBENTURES

On 4th April, 2013, the Company had issued and allotted 5,000 – Secured Listed Rated Redeemable 10.78 per cent YTM, Non - Convertible Debentures (NCDs) with a face value of ` 10 lakh each for cash at par, aggregating ` 50,000 lakh (Rupees Fifty Thousand lakh Only) vide Series I, Series II, and Series III on Private Placement basis. The proceeds of the NCDs issue have been fully utilized for the purposes of the issue.

Series I and II of Secured Listed Rated Redeemable 10.78 per cent YTM, comprising of 1,250 and 1,750 Non-Convertible Debentures (NCDs) with a face value of ` 10 lakh each aggregating ` 30,000 lakh (Rupees Thirty Thousand lakh Only) were redeemed in accordance with the terms of NCDs on 4th April, 2016 and 3rd April, 2017, respectively along with redemption premium. In terms of the issue, the Series III of Secured Listed Rated Redeemable 10.78 per cent YTM, Non-Convertible Debentures amounting to ` 20,000 lakh (Rupees Twenty Thousand lakh) are due for redemption on 4th April, 2018.

EMPLOYEE STOCK OPTIONS SCHEME

During the Financial Year 2016-17, in accordance with the ESOS–2012, the Nomination and Remuneration Committee had on 28th July, 2016, approved grant of total 30,000 Stock Options to the eligible employees, at an exercise price of ` 10 each which is equal to the face value of the equity share of the Company. No Stock Options have been granted under ESOS – 2006.

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.

There are no material changes made to the existing schemes i.e. ESOS – 2006 and ESOS – 2012. The existing schemes are implemented in compliance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and other applicable Regulations and Circulars in force from time to time.

The Information that the Company is required to disclose in relation to ESOS-2006 and ESOS-2012 under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 is uploaded on the website of the Company at https://www.mahindralifespaces.com/investors/disclosures-under-sebi

HOLDING COMPANY

At the beginning of the Financial Year 2016-17, the Promoter and the Holding Company i.e. Mahindra and Mahindra Limited (M&M) was holding 2,08,46,126 equity shares representing 50.80 percent of the total paid up equity capital of the Company. Consequent to the allotment of equity shares in the Rights Issue of the Company, M&M, as on the date of this report, holds 2,64,39,850 equity shares which represents 51.52 percent of the total paid up equity capital of the Company.

The Company continues to be a Subsidiary Company of M&M. All subsidiary companies of the Company are consequently subsidiary companies of M&M.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES AS PER COMPANIES ACT, 2013

A report highlighting performance of each of the subsidiaries, associates and joint venture companies as per the Companies Act, 2013, and their contribution to the overall performance of the Company is Annexed to the Consolidated Financial Statement.

The policy for determining material subsidiaries is available on the Company's website at the link: https://www.mahindralifespaces.com/media/1323/policy-for-determining-material-subsidiaries.pdf

SUBSIDIARY COMPANIES

Mahindra World City (MWC), Chennai, is implemented by Mahindra World City Developers Limited (MWCDL), currently an 89:11 joint venture between the Company and the Tamil

Nadu Industrial Development Corporation Limited (TIDCO), respectively. It is the first township in India to receive Green Township Certification (Stage I Gold certification) from IGBC. Mahindra World City, Chennai, was launched in September 2002, and currently has three sector specific Special Economic Zones (SEZs) — IT (services and manufacturing), Apparel and Fashion Accessories, and Auto Ancillaries, and a Domestic Tariff Area (DTA) for businesses catering to the Indian market. Integrated to the business zone is a Residential and Social Infrastructure zone. At the end of 2016-17, the project had a total area of 1524 acres. With greater stabilization in the business zone, the focus is now on developing the residential and social infrastructure.

Mahindra World City, Jaipur, is being implemented by Mahindra World City (Jaipur) Limited (MWCJL), a 74:26 joint venture between the Company and Rajasthan State Industrial Development & Investment Corporation Limited (RIICO), a Government of Rajasthan enterprise, respectively. Mahindra World City, Jaipur is being developed as a Multi-Product Special Economic Zone and a Domestic Tariff Area for which 2,913 acres have already been acquired. Currently, the project has five SEZ zones (2 in IT/ITES, 1 each in Handicrafts, Engineering & Related Industries, Gems & Jewellery), a Domestic Tariff Area and a Social and Residential zone. Going forward, the focus will continue to be on sale of industrial land in the project. Application by MWCJL for amalgamating sector specific SEZs into a multi-product SEZ has been approved by Board of Approvals, Ministry of Commerce, Government of India at its 74th meeting held on January 6, 2017. The multiproduct SEZ notification is awaited.

Mahindra Integrated Township Limited (MITL) is engaged as a co-developer in developing residential township area at Mahindra World City, New Chennai. Its current developments include ‘Iris Court’ and ‘Nova’. Additionally, MITL is in the process of obtaining approvals for its next project at MWC comprising around 1.08 million square feet of estimated saleable area. After exculding the area under the above projects, MITL still has approximately 120 acres to be developed in phases for offering products in different formats and segments. MITL is 96.30 per cent owned by the Company.

Mahindra Residential Developers Limited (MRDL), which is a wholly owned subsidiary of Mahindra Integrated Township Limited (MITL), and a co-developer in developing residential township area in MWC is developing a gated residential community in approximately 55 acres within Mahindra World City, New Chennai, under the name ‘Aqualily’.

Mahindra Bebanco Developers Limited (MBDL) is a 70:30 joint venture between the Company and B.E. Billimoria & Co. Limited, one of the leading construction companies in India, respectively. This company is developing a residential complex across approximately 25.2 acres at Multi-modal International Hub Airport at Nagpur (MIHAN). During the year, certain disputes arose between the Company and the main contractor M/s. B.E. Billimoria & Co. Ltd. The matter is presently sub-judice and the Company, in consultation with lawyers, is taking necessary steps to protect the interest of the Company and its customers.

Mahindra Homes Private Limited (MHPL) (earlier known as Watsonia Developers Private Limited and prior to that Watsonia Developers Limited), is a 74.98 : 25.02 joint venture between the Company and SCM Real Estate (Singapore) Private Limited (SCM) and is developing in collaboration with a developer, and land owning companies, a group housing project “Luminare” at NCR on approximately 6.80 acres and a residential project “Windchimes” at Bengaluru on approximately 5.90 acres. The company is exploring the possibility of undertaking additional projects in residential development segment in India. At the beginning of the 2016-17, MHPL was a 50:50 joint venture between the Company and SCM. On 30th March, 2017, MHPL allotted in its Right Issue 4,11,251 Series A equity shares (with voting rights) of face value ` 10 each to the Company. Pursuant to the allotment, the shareholding of the Company in Series A equity shares (with voting rights) of MHPL has increased from 50 percent to 74.99 percent. Basis the overall paid up share capital of MHPL, the shareholding of the Company in MHPL increased from 50.00 percent to 74.98 percent. SCM Real Estate (Singapore) Private Limited holds 25.02 percent of the paid-up share capital as a joint venture partner in MHPL. Pursuant to the increase in shareholding, MHPL became a subsidiary of the Company, and an indirect subsidiary of the Promoter of the Company, viz Mahindra and Mahindra Limited.

Mahindra Industrial Park Chennai Limited (MIPCL), is a 60:40 joint venture between the MWCDL and Sumitomo Corporation, Japan. Accordingly, MIPCL is a subsidiary of MWCDL and consequently, a subsidiary of the Company. MIPCL is setting up an industrial cluster in North Chennai (the NH-16 corridor) on approximately 264 acres.

Mahindra Infrastructure Developers Limited (MIDL), a wholly owned subsidiary of the Company, is an equity participant in the project company namely, New Tirupur Area Development Corporation Limited (NTADCL) implementing the Tirupur Water Supply and Sewerage project.

Mahindra World City (Maharashtra) Limited (MWCML), is a wholly owned subsidiary of the Company, which was set up to undertake large format development. The Company is looking out for an appropriate business opportunity to take up projects in real estate development. The Board of Directors of MWCML has approved a Scheme of Amalgamation amalgamating Raigad Industrial & Business Park Limited, a wholly owned subsidiary company of the Company, Topical Builders Developers Private Limited and Kismat Developers Private Limited, associate companies of the Company, with MWCML and accordingly, a Scheme of Amalgamation has been filed with National Company Law Tribunal, Mumbai Bench.

Knowledge Township Limited (KTL), a wholly owned subsidiary of the Company will be developing an industrial park in Maharashtra for which the company is in the process of procuring the required land area.

Industrial Township (Maharashtra) Limited (ITML), a wholly owned subsidiary of the Company is exploring the possibility of taking up real estate development.

Raigad Industrial & Business Park Limited (RIBPL), a wholly owned subsidiary of the Company is in the business of real estate development.

Anthurium Developers Limited (ADL) a wholly owned subsidiary of the Company is exploring the possibility of taking up real estate development projects.

Industrial Cluster Private Limited (ICPL) (formerly known as Mahindra Housing Private Limited) a wholly owned subsidiary of the Company has acquired approximately 268 acres of contiguous land at Jansali near Ahmedabad for setting up an industrial cluster.

Mahindra Water Utilities Limited (MWUL) is engaged in the business of operation and maintenance service for water and sewerage facilities at Tirupur, India and is a 98.99 percent subsidiary of Mahindra Infrastructure Developers Limited and consequently, a subsidiary of the Company.

JOINT VENTURE COMPANIES

There is no direct joint venture company of the Company, except, Mahindra World City Developers Limited, Mahindra World City (Jaipur) Limited, Mahindra Homes Private Limited and Mahindra Bebanco Developers Limited which are joint venture subsidiary companies and have been dealt in the section of Subsidiary Companies.

ASSOCIATE COMPANIES

Topical Builders Developers Private Limited (TBPL), Kismat Developers Private Limited (KDPL) and Mahindra Knowledge Park (Mohali) Limited, are the associate companies of the Company.

During the year, Mahindra Homes Private Limited, which was an associate company (50: 50 joint venture company with SCM) ceased to be associate company and became a subsidiary of the Company. No other company has become or ceased to be a Subsidiary/Associate/Joint Venture company of the Company.

CONSOLIDATED FINANCIAL STATEMENT

The audited consolidated financial statement of the Company prepared in accordance with the Companies Act, 2013 and applicable Accounting Standards along with all relevant documents and the Auditors' Report forms part of this Annual Report.

The financial statements of Subsidiaries companies are not attached along with the financial statements of the Company. Separate audited financial statement of each of the subsidiaries is placed on the website of the Company at web link: https://www.mahindralifespaces.com/investors/financial-information.

The Company will provide the financial statements of subsidiaries upon receipt of a written request from any member of the Company interested in obtaining the same. The financial statement of subsidiaries will also be available for inspection at the Registered Office of your Company during working hours up to the date of the Annual General Meeting.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report, which gives a detailed account of state of affairs of the Company's operations forms a part of this Annual Report.

CORPORATE GOVERNANCE

A report on Corporate Governance along with a certificate from the Auditors of the Company regarding the compliance with the requirements of Corporate Governance as stipulated under Para E of Schedule V of the SEBI LODR forms part of this Annual Report.

SUSTAINABLE DEVELOPMENT AND BUSINESS RESPONSIBILITY REPORT

Your Company has been at the forefront of the real estate industry in India to achieve the mission of 'Transforming urban landscapes by creating sustainable communities'. The Company has done this by putting sustainability as a core agenda for the Company. The details of Company's approach to sustainability are covered in the Business Responsibility Report.

The Business Responsibility Report (BRR) for the financial year 2016-17 as required by Regulation 34(2)(f) of SEBI LODR forms part of this Annual Report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company's guiding principle for CSR is to build its relationship with stakeholders and the community at large, and contribute to their long term social good and welfare. The Company, in every financial year, in line with the new Companies Act, 2013, pledges to spend, two per cent of the average net profits made during the three immediately preceding financial years specifically towards CSR initiatives.

The Company has constituted Corporate Social Responsibility Committee comprising Mr. Arun Nanda — Non-Executive Non-Independent Director, Mr. Shailesh Haribhakti — Non Executive Independent Director and Ms. Anita Arjundas — Managing Director & CEO. The role of the Committee is to formulate and recommend a CSR policy to the Board, to recommend expenditure to be incurred on CSR activities, to monitor the CSR policy of the Company from time to time and to institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company.

The Company's CSR Policy lays out the vision, objectives and implementation mechanisms. The Company's CSR policy is available on the Company's web link at https://www.mahindralifespaces.com/media/1050/corporate-social-responsibility-csr-policy.pdf

The Company's CSR activities have traditionally focused on education, skill development, health, environment and promoting sustainable practices.

The objective of the CSR policy is to:

- Promote a unified approach to CSR to incorporate under one umbrella the diverse range of the Company's philanthropic activities, thus enabling maximum impact of the CSR initiatives;

- Ensure an increased commitment at all levels in the organisation, to operate in an economically, socially and environmentally responsible manner while recognising the interests of all its stakeholders;
- Encourage employees to participate actively in the Company's CSR and give back to the society in an organised manner through the employee volunteering programme called Employee Social Options.

The Company's commitment to CSR will be manifested by investing resources in any of the areas stipulated in Schedule VII to the Companies Act, 2013. The Company gives preference to the local area and area around it where it operates for spending the amounts earmarked for CSR activities.

Of the total budget of ` 520.59 lakh for financial year 2016-17(including ` 132.73 lakh being unspent amount of the previous year), the Company has spent ` 481.49 lakh as per the approved CSR plan for financial year 2016-17. The balance ` 39.11 lakh which was earmarked for the purpose of education, environment, Swachh Bharat and for promoting health measures remained unspent for following reasons:

1. ` 0.91 lakh of Gyandeep remained unspent due to closure of one of the schools
2. ` 27.67 lakh of Project Hariyali remained unspent due to unsuitable forest land parcel
3. ` 8.82 lakh of Gram Vikas – Local infrastructure, ` 0.95 lakh of Swachh Bharat, ` 0.53 lakh of health check-up camps and ` 0.23 lakh of Environmental Sustainability, eradication of Poverty and Mal-nutrition remained unspent due to local community issues.

In view of the above, the Board has approved that unspent amount of ` 39.11 lakh, out of the minimum required CSR expenditure of the financial year 2016-17 be carried forward to the next year and the carried forward amount shall be over and above the next year's CSR allocation equivalent to at least 2 per cent of the average net profit of the Company of the immediately preceding three years.

The annual report on the CSR activities in the prescribed format is at **Annexure 2** to this Report.

DIRECTORS

Pursuant to Section 152 of the Companies Act, 2013 and Article 116 of the Articles of Association of the Company, Mr. Arun Nanda (DIN: 00010029) Non-Executive Non-Independent Director retires by rotation at the 18th Annual General Meeting of the Company and being eligible has offered himself for re-appointment.

Pursuant to Section 152, 160, 161 and all other applicable provisions of the Companies Act, 2013 and Article 128 of the Articles of Association of the Company, Mr. Bharat Shah (DIN: 00136969), a Non-Executive Independent Director who was appointed as an Additional Director with effect from 1st August, 2016, shall hold office as per the provisions of Section 161 of the Companies Act, 2013, till the date of the ensuing Annual General Meeting. The Company has received a notice as per the provisions of Section 160(1) of the Companies Act, 2013 from a Member in writing proposing his candidature for the office of Director along with requisite deposit.

Brief resume of Mr. Arun Nanda and Mr. Bharat Shah, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships/ chairmanships of Board, Committees and shareholding as stipulated under Regulation 36(3) of SEBI LODR, are provided in the Corporate Governance Report forming part of the Annual Report. None of the Directors of the Company are inter-se related to each other. Both Directors i.e. Mr. Arun Nanda and Mr. Bharat Shah are not disqualified from being re-appointed/ appointed as Directors by the provisions of Section 164 of the Companies Act, 2013.

Pursuant to the provisions of the Companies Act, 2013 and Part D of Schedule II of SEBI LODR, evaluation of every Director's performance was done by Nomination and Remuneration Committee. The performance evaluation of Non-Independent Directors and the Board as a whole, Committees thereof 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. Evaluation of Independent Directors was carried out by the entire Board of Directors, excluding the Director being evaluated. Structured questionnaires, covering various aspects of the evaluation such as adequacy of the size and composition of the Board and Committee thereof with regard to skill, experience, independence, diversity, attendance and adequacy of time given by the Directors to discharge their duties, Corporate Governance practices, etc. were circulated to the Directors for the evaluation process. The Directors expressed their satisfaction with the evaluation process.

The Company has received declarations from each of the Independent Directors confirming that they meet the criteria of independence as provided in sub-section 6 of Section 149 of the Companies Act, 2013 and Regulation 16(1) (b) of SEBI LODR.

The details of familiarization programme for Independent Directors have been disclosed on website of the Company and is available at the link https://www.mahindralifespaces.com/investors/disclosures-under-sebi

The following policies of the Company are attached herewith and marked as **Annexure 3, Annexure 4** and **Annexure 5**:

1. Policy on appointment of Directors and Senior Management **(Annexure 3)**
2. Policy on Remuneration of Directors **(Annexure 4)** and
3. Policy on Remuneration of Key Managerial Personnel and Employees **(Annexure 5)**

The Managing Director & CEO draws remuneration only from the Company and does not receive any remuneration or commission from any of its subsidiary companies/holding company.

KEY MANAGERIAL PERSONNEL (KMP)

The Company has following persons as Key Managerial Personnel under the Companies Act, 2013:

Sr. No.	Name of the Person	Designation
1	Ms. Anita Arjundas	Managing Director & CEO
2	Mr. Suhas Kulkarni	Company Secretary
3	Mr. Jayantt Manmadkar	Chief Financial Officer

During the year under review, there was no change in the KMP of the Company.

MEETINGS

A calendar of meetings is prepared and circulated in advance to the Directors. During the year, seven Board Meetings were convened and held, the details of which are given in the Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013, Secretarial Standards – 1 (SS-1) issued by the Institute of Company Secretaries of India and SEBI LODR.

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 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;

(e) they had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

(f) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal financial controls with reference to the financial statements. The Audit Committee of the Board reviews the internal control systems, the adequacy of internal audit function and significant internal audit findings with the management, Internal Auditors and Statutory Auditors.

AUDIT COMMITTEE

The Audit Committee of the Company as on 31st March, 2017 comprised of three independent Directors, namely Mr. Sanjiv Kapoor, Mr. Shailesh Haribhakti, Dr. Prakash Hebalkar and one Non-Executive Non-Independent Director, Dr. Anish Shah. Mr. Sanjiv Kapoor is the Chairman of the Committee.

All members of the Audit Committee possess strong knowledge of accounting and financial management. The Chairman of the Company, the Managing Director & Chief Executive Officer, Chief Financial Officer, the Internal Auditors and Statutory Auditors are regularly invited to attend the Audit Committee Meetings. The Company Secretary is the Secretary to the Committee. The Internal Auditor reports to the Chairman of the Audit Committee. The significant audit observations and corrective actions as may be required and taken by the management are presented to the Audit Committee. The Board has accepted all recommendations made by the Audit Committee from time to time.

VIGIL MECHANISM/WHISTLE BLOWER MECHANISM

The Company has established a vigil mechanism by adopting a Whistle Blower Policy for stakeholders including directors and employees of the Company and their representative bodies to report genuine concerns in the prescribed manner to freely communicate their concerns/grievances about illegal or unethical practices in the Company, actual or suspected, fraud or violation of the Company's Code or Policies. The vigil mechanism is overseen by the Audit Committee and provides adequate safeguards against victimisation of stakeholders who use such mechanism. It provides a mechanism for stakeholders to approach the Chairman of Audit Committee or Chairman of the Company or the Corporate Governance Cell consisting of Head - Legal & Secretarial, Chief Financial Officer and Chief Ethics Officer (Head-Human Resources). During the year, no such incidence was reported and no person was denied access to the Chairman of the Audit Committee or to the Chairman of the Company or to the Corporate Governance Cell. The Whistle Blower Policy of the Company is available at web link https://www.mahindralifespaces.com/media/1318/whistle-blower policy.pdf

RISK MANAGEMENT

The Company has in place a process to inform the Board about the risk assessment and minimisation procedures. It has an appropriate risk management system in place for identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring and reporting. Presently, Regulation 21 of the SEBI LODR with respect to Risk Management Committee is not applicable to your Company. However, the Company has constituted a "Risk Management Committee" consisting of Mr. Shailesh Haribhakti, Non-Executive Independent Director and Ms. Anita Arjundas, Managing Director & CEO of the Company, and the Chief Financial Officer, for monitoring and reviewing of the risk assessment, mitigation and risk management plan from time to time. The Board reviews implementation and monitoring of the risk management plan for the Company including identification of risks, if any, which in the opinion of the Board may threaten the existence of the Company.

AUDITORS

The Shareholders of the Company at the 17th Annual General Meeting of the Company held on 28th July, 2016, had appointed M/s. B. K. Khare & Co., Chartered Accountants, Mumbai (Registration Number- 105102W), as Statutory Auditors of the Company to hold office from the conclusion of the 17th Annual General Meeting until the conclusion of the 18th Annual General Meeting to conduct the audit of the Accounts of the Company.

Under section 139(2) of the Companies Act, 2013 and Rules framed thereunder, it is mandatory to rotate the Statutory Auditors on completion of term including the transition period permitted under the said section.

M/s. B. K. Khare & Co., Chartered Accountants have held office as Statutory Auditor of the Company from the conclusion of the 3rd AGM i.e. from 25th September, 2002. Pursuant to section 139(2) of the Companies Act, 2013 read with Rules framed thereunder, M/s. B. K. Khare & Co., Chartered Accountants have completed a period of more than 10 years on the commencement of the Companies Act, 2013 and have completed the transition period of 3 years from the date of commencement of the Companies Act, 2013.

In terms of said section, M/s. B. K. Khare & Co will be holding the office of Statutory Auditors up to the conclusion of the forthcoming 18th Annual General Meeting.

Accordingly, the Board of Directors, based on the recommendation of Audit Committee and subject to approval of the Shareholders at the ensuing 18th Annual General Meeting, has proposed to appoint M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai (ICAI Registration Number - 117366W/W-100018) as Statutory Auditors of the Company for a term of 5 consecutive years from the conclusion of the 18th Annual General Meeting till the conclusion of the 23rd Annual General Meeting to be held in the calendar year 2022 (subject to ratification of their appointment at every AGM), to conduct the audit of the Accounts of the Company, at such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors.

The Company has also received a written consent and a certificate from M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, to the effect that their appointment if made, would be in accordance with the provision of Section 139 and that they satisfy the criteria provided in section 141 of the Companies Act, 2013 read with Rules framed thereunder.

The Board places on record its appreciation for the services rendered by M/s. B. K. Khare & Co, Chartered Accountants, during their tenure as the Statutory Auditors of the Company.

The notes of the financial statements referred to in the Auditors' Report issued by M/s. B. K. Khare & Co for the financial year ended on 31st March, 2017 are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

COST AUDITORS

The Board of Directors, on recommendation of the Audit Committee, has appointed CMA Vaibhav Prabhakar Joshi, Practising Cost Accountant, Mumbai, 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 Shareholders in a General Meeting for their ratification. Accordingly, a resolution seeking Shareholders' 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

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board has appointed M/s. Martinho Ferrao & Associates, Practising Company Secretaries, to conduct the secretarial audit of the Company for the financial year(s) commencing on and from 1st April, 2014. The Secretarial Audit report for the financial year ended 31st March, 2017, is annexed herewith and marked as **Annexure 6** to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

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

As the Company is engaged in the business of providing infrastructural facilities, the provisions of Section 186 of the Companies Act, 2013 related to loans made, guarantees given or securities provided are not applicable to the Company. However, the details of the same are provided in the standalone financial statement at Note no.45.

Particulars of investment made under Section 186 of the Companies Act, 2013 are provided in the standalone financial statement at Note no. 7.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

All Related Party Transactions entered into during the year were in the Ordinary Course of Business and on arms' length basis.

During the year under review, your Company had entered into Material Related Party Transactions, i.e. transactions exceeding ten percent of the annual consolidated turnover as per the last audited financial statements, details of which, as required to be provided under section 134(3)(h) of the Companies Act, 2013 are disclosed in Form AOC-2 marked as **Annexure 7** to this Report.

The Policy on materiality of related party transactions and on dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link https://www.mahindralifespaces.com/media/1322/policy-on-materiality-of-and-dealing-with-related-party-transactions.pdf

The Directors draw attention of the members to Note no. 36 to the standalone financial statement which sets out related party disclosures.

DEPOSITS, LOANS AND ADVANCES

The Company has not accepted any deposits from the public or its employees during the year under review. The details of loans and advances, which are required to be disclosed in the annual accounts of the Company pursuant to Regulation 34(3) and 53 (f) read with Schedule V of the SEBI LODR with the Company, is annexed herewith and marked as **Annexure 8** to this Report.

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

Information 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 is given in the **Annexure 9** to this report.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

Disclosures with respect to the remuneration of Directors, KMPs and employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in **Annexure 10** to this Report.

Details of employee remuneration as required under provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(2) & 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are available at the Registered Office of the Company 21 days before the Annual General Meeting during working hours and shall be made available to any shareholder on request. Such details are also available on your Company's website at: https://www.mahindralifespaces.com/investors/disclosures-under-sebi

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 11** and forms part of this Report.

GENERAL

No fraud has been reported during the audit conducted by the Statutory Auditors, Secretarial Auditors and Cost Auditors of the Company.

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

During the year ended on 31st March, 2017, 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.

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, should 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 would like to thank all shareholders, customers, bankers, contractors, suppliers, joint venture partners and associates of your Company for the support received from them during the year. The Directors would also like to place on record their appreciation of the dedicated efforts put in by the employees of the Company.

For and on behalf of the Board

Arun Nanda
Chairman
DIN: 00010029

Place: Mumbai
Date: 16th May, 2017

ANNEXURE 1

DIVIDEND DISTRIBUTION POLICY

The Dividend Distribution Policy ("the policy") establishes the principles to ascertain amounts that can be distributed to equity shareholders as dividend by the Company as well as to enable the Company strike a balance between pay-out and retained earnings, in order to address future needs of the Company. The policy shall come into force for accounting periods beginning from 1st April, 2016.

Dividend would continue to be declared on per share basis on the Ordinary Equity Shares of the Company having face value of ` 10 each. The Company currently has not issued any other class of shares. Therefore, dividend declared will be distributed amongst all shareholders, based on their shareholding on the record date.

Dividends will generally be recommended by the Board once a year, after the announcement of the full year results and before the Annual General Meeting (AGM) of the shareholders, out of the profits of the Company for current year or out of profits of the Company for any previous financial years or out of both, as may be permitted under the Companies Act, 2013 ("the Act").

In the event of inadequacy or absence of profits in any year, the Board may recommend to declare dividend out of the accumulated profits earned by the Company in any previous financial years and transferred to free reserves, provided such declaration of dividend shall be in accordance with the provisions of the Act and Rules framed thereunder.

The Board may also declare interim dividend as may be permitted by the Act.

The Company has a consistent dividend policy that balances the objectives of appropriately rewarding shareholders through dividends and to support the future growth.

As in the past, subject to the provisions of the applicable law, the Company's dividend payout will be determined based on available financial resources, investment requirements and taking into account optimal shareholder return. Within these parameters, the Company would endeavor to maintain a total dividend pay-out (including dividend distribution tax) ratio in the range of 20 percent to 35 percent of the annual standalone Profits after Tax (PAT) of the Company.

While determining the nature and quantum of the dividend payout, including amending the suggested payout range as above, the Board would take into account the following factors:

- Internal Factors:
  i. Profitable growth of the Company and specifically, profits earned during the financial year as compared with:
     a. Previous years and
     b. Internal budgets,
  ii. Cash flow position of the Company,
  iii. Accumulated reserves
  iv. Earnings stability
  v. Future cash requirements for organic growth/ expansion and/or for inorganic growth,
  vi. Brand acquisitions,
  vii. Current and future leverage and, under exceptional circumstances, the amount of contingent liabilities,
  viii. Deployment of funds in short term marketable investments,
  ix. Long term investments,
  x. Capital expenditure(s), and
  xi. The ratio of debt to equity (at net debt and gross debt level).
- External Factors:
  i. Business cycles,
  ii. Economic environment,
  iii. Cost of external financing,
  iv. Applicable taxes including tax on dividend,
  v. Industry outlook for the future years,
  vi. Inflation rate, and
  vii. Changes in the Government policies, industry specific rulings & regulatory provisions.

Apart from the above, the Board also considers past dividend history and sense of shareholders' expectations while determining the rate of dividend. The Board may additionally recommend special dividend in special circumstances.

The Board may consider not declaring dividend or may recommend a lower payout for a given financial year, after analyzing the prospective opportunities and threats or in the event of challenging circumstances such as regulatory and financial environment. In such an event, the Board will provide rationale in the Annual Report.

The retained earnings of the Company may be used in any of the following ways:

i. Capital expenditure for working capital,
ii. Organic and/ or inorganic growth,
iii. Investment in new business(es) and/or additional investment in existing business(es),
iv. Declaration of dividend,
v. Capitalisation of shares,
vi. Buy back of shares,
vii. General corporate purposes, including contingencies,
viii. Correcting the capital structure,
ix. Any other permitted usage as per the Companies Act, 2013.

Information on dividends paid in the last 10 years is provided in the Annual Report.

This policy may be reviewed periodically by the Board. Any changes or revisions to the policy will be communicated to shareholders in a timely manner.

The policy will be available on the Company's website at https://www.mahindralifespaces.com/media/1315/dividend-distribution-policy.pdf

The policy will also be disclosed in the Company's annual report.

For and on behalf of the Board

Arun Nanda
Chairman

DIN: 00010029

Place: Mumbai
Date: 16th May, 2017

ANNEXURE 2

ANNUAL REPORT ON CSR ACTIVITIES

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

   a) Mahindra Lifespaces is driven by its mission of 'Transforming urban landscapes by creating sustainable communities'. The path towards transformation calls for building on our strengths to embrace and drive change. Our current focus areas for our CSR efforts include education, environment, skill development and preventive healthcare. This is in alignment with Mahindra Group's core purpose of challenging conventional thinking and innovatively using all resources to drive positive change in the lives of our stakeholders and communities, thus, enabling them to Rise. Inclusive development at all our project locations ensures that we grow with the communities surrounding us, thereby enabling truly sustainable living.

   b) The company has adopted CSR policy which is available on https://www.mahindralifespaces.com/media/1050/corporate-social-responsibility-csr-policy.pdf

2. The composition of the CSR Committee of the Board of Directors as on 31st March, 2017:

Mr Arun Nanda	Chairman
Ms Anita Arjundas	Member
Mr Shailesh Haribhakti	Member

3. Average net profit of the company for last three financial years: ` 19,393 lakh

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): ` 387.86 lakh

5. Details of CSR spent during the financial year.

   (a) Total amount to be spent for the financial year: ` 520.59 lakh (including carried forward from previous year ` 132.73 lakh)

   (b) Amount unspent, if any: ` 39.11 lakh

   (c) Manner in which the amount spent during the financial year is detailed below,

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. no.	**CSR project of activity identified**	**Sector in which the project is covered**	**Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken**	**Amount outlay (budget) project or programs wise (` in lakh)**	**Amount spent on the projects or programs Sub heads: (1) Direct expenditure on projects or programs (2) Overhead (` in lakh)**	**Cumulative expenditure upto the reporting period (` in lakh)**	**Amount spent: Direct or through implementing agency**
1	Nanhi Kali	Education	Pan India	193.47	Direct expenditure: 193.47	193.47	Through: KC Mahindra Education Trust
2	Gyandeep – Construction of new school and supporting child education of nearby community and construction site	Education	Delhi, Pune, Bengaluru and Boisar	12.46	Direct expenditure: 11.55	11.55	Through NGO: Doorstep, Samarthanam, Shree Amrut vahini, We for You Society
3	Project Haryali	Environment	Mumbai, Delhi and Pune	31.05	Direct expenditure: 3.38	3.38	Through: Various regional NGOs

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. no.	**CSR project of activity identified**	**Sector in which the project is covered**	**Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken**	**Amount outlay (budget) project or programs wise (` in lakh)**	**Amount spent on the projects or programs Sub heads: (1) Direct expenditure on projects or programs (2) Overhead (` in lakh)**	**Cumulative expenditure upto the reporting period (` in lakh)**	**Amount spent: Direct or through implementing agency**
4	Green Army - School activation project covered 8000 school children from 40 schools to inculcate sustainable living habits	Environment	Mumbai and Pune	7.64	Direct expenditure: 7.64	7.64	Through : Parishar Asha
5	Centre of Excellence on Sustainable Habitat	Environment	Delhi	200.00	Direct expenditure: 200.00	200.00	The Energy and Research Institute (TERI)
6	Swachh Bharat	Health	Gurgaon	2.25	Direct expenditure: 1.30	1.30	Shree Amrut vahini
7	Medical camps and Health Check up camps in village	Health	Mumbai, Alibaug, Delhi, Bengaluru	4.30	Direct expenditure: 3.77	3.77	Through : Various regional NGOs
8	Gram Vikas – Local infrastructure in nearby village	Rural Development	Boisar, Avadi, Delhi	61.89	Direct expenditure: 53.07	53.07	Shree Amrut vahini
9	Samantar/ Women empowerment	Women empowerment	Mumbai, Alibaug, Bengaluru	3.00	Direct expenditure: 3.00	3.00	Shree Amrut vahini
10	Station and city beautification and Blanket, food and clothes donation	Others (Environmental sustainability, Poverty and mal-nutrition)	Worli, Bengaluru	4.53	Direct expenditure: 4.30	4.30	Karmayogi Charitable Trust
	Total			**520.59**	**481.48**	**481.48**	

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:

   As on 31st March, 2017, an amount of ` 39.11 lakh remained unspent due to following reasons:

   A) ` 0.91 lakh of Gyandeep remained unspent due to closure of one of the school.

   B) ` 27.67 lakh of Project Hariyali remained unspent due to unsuitable forest land parcel.

   C) ` 8.82 lakh of Gram Vikas – Local infrastructure, ` 0.95 lakh of Swachh Bharat, ` 0.53 lakh of health check-up camps and ` 0.23 lakh of Environmental Sustainability, Poverty and Mal-nutrition remained unspent due to local community issues.

   The carried forward amount shall be over and above the next year's CSR allocation equivalent to atleast 2 percent of the average net profit of the Company of the immediately preceding three years.

   The implementation and monitoring of CSR policy is in compliance with CSR objectives and Policy of the Company.

Anita Arjundas
(Managing Director & CEO)
DIN: 00243215
Mumbai, 22nd April, 2017

Arun Nanda
(Chairman – CSR Committee)
DIN: 00010029
Mumbai, 22nd April, 2017

ANNEXURE 3

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT

DEFINITIONS

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

“Board” means Board of Directors of the Company.

“Company” means Mahindra Lifespace Developers Limited.

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

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

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

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

(i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD);

(ii) Chief Financial Officer (CFO); and

(iii) Company Secretary (CS).

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

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

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 Independent Director (ID) is to be appointed:
  1. All Board appointments will be based on merit, in the context of the skills, experience, diversity, and knowledge, for the Board as a whole to be effective.
  2. Ability of the candidates to devote sufficient time and attention to his/her professional obligations as Director for informed and balanced decision making.
  3. Adherence to the applicable Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Directors.
- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman or the Managing Director & CEO will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

II. REMOVAL OF DIRECTORS

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

III. SENIOR MANAGEMENT PERSONNEL

- The NRC shall identify persons based on merit, experience and knowledge who may be appointed in senior management team.
- Senior Management personnel are appointed or promoted and removed/relieved with the authority of Managing Director & CEO based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

For and on behalf of the Board

Arun Nanda
Chairman
DIN: 00010029

Place : Mumbai
Date : 16th May, 2017

ANNEXURE 4

POLICY FOR REMUNERATION OF THE DIRECTORS

PURPOSE

This Policy sets out the approach to Compensation of Directors, in Mahindra Lifespace Developers Limited.

POLICY STATEMENT

We have a well-defined Compensation policy for Directors, including the Chairman of the Company. The overall compensation philosophy guides us to focus on enhancing the value of the Company by attracting and retaining Directors for achieving objectives of the Company.

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

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

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

MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER (MD & CEO) AND EXECUTIVE DIRECTORS

Remuneration of the MD & CEO and Executive Directors reflects the overall remuneration philosophy and guiding principle of the Company. While considering the appointment and remuneration of Managing Director and Executive Directors, the NRC shall consider the industry benchmarks, merit and seniority of the person and shall ensure that the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterpart(s) in other companies. The policy aims at a balance between fixed and variable pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

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

The term of office and remuneration of MD & CEO is subject to the approval of the Board of Directors, shareholders, and Central Government, as may be required and within the statutory limits laid down in this regard from time to time.

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay, subject to the requisite approvals, remuneration to its MD & CEO in accordance with the provisions of Schedule V of the Companies Act, 2013.

If a MD & CEO draws or receives, directly or indirectly by way of remuneration any such sum in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he/she shall refund such sum to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

Remuneration for MD & CEO is designed subject to the limits laid down under the Companies Act, 2013 to remunerate him/her fairly and responsibly. The remuneration to the MD & CEO comprises of salary, perquisites and benefits as per policy of the Company and performance based incentive apart from retirement benefits like P.F., Superannuation, Gratuity, Leave Encashment, etc. as per Rules of the Company. Salary is paid within the range approved by the Shareholders. Increments are effective annually, as recommended/approved by the Nomination and Remuneration Committee/Board. The MD & CEO is entitled for grant of Stock Options as per the approved Stock Options Schemes of the Company from time to time.

DIRECTORS

The Managing Director & Chief Executive Officer is an executive of the Company and draws remuneration from the Company. The Non-Executive Chairman and Independent Directors receive sitting fees for attending the meeting of the Board and the Committees thereof, and meetings of Independent Directors, as fixed by the Board of Directors from time to time subject to statutory provisions. The Non-Executive Chairman and Independent Directors would be entitled to the remuneration under the Companies Act, 2013. A Non-Executive Non-Independent Director who receives remuneration from the holding company or any other group company is not paid any sitting fees or any remuneration. In addition to the above, the Directors are entitled for reimbursement of expenses incurred in discharge of their duties.

The Company may also grant Stock Options to the eligible employees and Directors (other than Independent Directors) in accordance with the ESOP Schemes of the Company from time to time and subject to the compliance of the applicable statutes and regulations.

DISCLOSURES

Information on the total remuneration of members of the Company's Board of Directors, Managing Director and Executive Directors and KMP/senior management personnel may be disclosed in the Board's report and the Company's annual report/website as per statutory requirements in this regard.

For and on behalf of the Board

Arun Nanda
Chairman
DIN: 00010029

Place : Mumbai
Date : 16th May, 2017

ANNEXURE 5

Policy on Remuneration of Key Managerial Personnel and Employees

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 percent to 25 percent of the Cost-to-Company (CTC) and will be a function of the employee's grade.
- The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRA). Both BSC and KRA are evaluated at the end of the fiscal to arrive at the BSC rating of the business and 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 percent and absolute.
- Compensation corrections are made in a few cases where it is outside the band or to keep in tune with the market.

For and on behalf of the Board

Arun Nanda
Chairman
DIN: 00010029

Place: Mumbai
Date: 16th May, 2017

ANNEXURE 6

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 Lifespace Developers Limited

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

2. Based on our verification of the Mahindra Lifespace Developers 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:

3. We have examined the books, papers, minute books, forms and returns filed and other records maintained by Mahindra Lifespace Developers Limited ("the Company") for the financial year ended on 31st March, 2017 according to the provisions of:

   a. The Companies Act, 2013 (the Act) and the rules made thereunder;

   b. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

   c. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

   d. 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;

   e. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

      i. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

      ii. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

      iii. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

      iv. The Securities and Exchange Board of India (Share Based Employee Benefit) Regulation, 2014;

      v. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

      vi. 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.

   f. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; - Not applicable as the Company has not delisted its equity shares from any Stock Exchange during the financial year under review and

   g. 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.

4. We have also examined the compliances of the provisions of the following other laws applicable specifically to the Company wherein we have also relied on the compliance certificates issued by the head of the respective departments in addition to the checks carried out by us:

   a) The Building & Other Construction Workers (Regulation of employment and conditions of service) Act, 1996.

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

   c) The Special Economic Zone Act, 2005 and Rules thereunder

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

   e) The Co-operative Societies Act, as applicable at various locations.

   f) The Environment Protection Act, 1986

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

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

   a. Secretarial Standards issued by The Institute of Company Secretaries of India.

   b. The Listing Agreements entered into by the Company with Bombay Stock Exchange and National Stock Exchange and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

6. 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.

7. We further report that:

   a. 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 are as follows:

      i. Mr. Bharat Shah (DIN: 00136969) was appointed as an Additional Director (Non-Executive, Independent Director) by the Board of Directors pursuant to the provisions of Section 161 of the Companies Act, 2013 w.e.f 1st August, 2016.

      ii. Dr. Anish Shah (DIN: 02719429) who was appointed by the Board of Directors pursuant to the provisions of Section 161 of the Companies Act, 2013 on 28th August, 2015 was regularised as a Director in the 17th Annual General Meeting (17th AGM) of the Company held on 28th July, 2016 as a Non-Executive, Non Independent Director liable to retire by rotation.

      iii. Ms. Anita Arjundas (DIN: 00243215) who retired by rotation at the 17th AGM of the Company, was re-appointed at the 17th AGM.

8. 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. Shorter Consent of the Board of Directors was obtained in cases where Meetings were scheduled by giving notice of less than seven days.

9. As per the minutes of the meetings duly recorded and signed by the Chairman, the decision of the Board were unanimous and there were no dissenting views communicated by the Directors.

10. 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.

11. We further report that during the audit period, the Company has taken approval of shareholders in the 17th AGM of the Company held on 28th July, 2016:

    a. for regularisation of the Appointment of Dr. Anish Shah as a Director;

    b. for Private Placement of Non-Convertible Debentures and/or other Debt Securities upto an aggregate amount of ` 750,00,00,000/- (Rupees Seven Hundred Fifty Crore only);

    c. for approving the remuneration of Cost Auditor for the financial year ended on 31st March, 2016;

    d. for Maintenance of Register of members and Related books at the office of the Company's Registrar and Share Transfer Agent, Karvy Computershare Private Limited, situated at 24 B, Rajabahadur Mansion Ground Floor, Ambalal Doshi Marg,Fort, Mumbai 400023 or such other place within Mumbai, where the registrar and Share Transfer Agent may shift its office from time to time.

    e. for alterations to the Articles of Association of the Company

    f. for Material Related Party Transactions with Mahindra Homes Private Limited, a Joint Venture company by further investment in Mahindra Homes Private Limited up to ` 177.67 crore, in one or more tranches.

    g. for Material Related Party Transaction(s) with respect to Sale of a Property valued at ` 176.71 crore to Mahindra Family Trust – II of which the beneficiaries are Mr. Anand Mahindra and/ or his family members, being a related party as defined under Section 2(76) of the Companies Act, 2013 and Regulation 2(1)(zb) of SEBI LODR.

For Martinho Ferrao & Associates
Company Secretaries

Martinho Ferrao
Proprietor
FCS No. 6221
C P. No. 5676

Place: Mumbai
Date: 16th May, 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 Lifespace Developers 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
Date: 16th May, 2017

ANNEXURE 7

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:

Name(s) of the related party and nature of relationship	Mahindra Family Trust – II (the Trust) Mr. Anand Mahindra who is the Key Managerial Personnel of the holding company, Mahindra and Mahindra Limited, along with his family members who are beneficiaries of the Trust and therefore the Trust is construed as a Related Party with respect to the Company.
Nature of contracts/arrangements/transactions	Conveyance of freehold land parcel together with dwelling house owned by the Company to Mahindra Family Trust – II along with the benefits and obligations attached thereto.
Duration of the contracts/arrangements/transactions and salient terms of the contracts or arrangements or transactions including the value, if any	In accordance with the terms and conditions approved by the shareholders' of the Company at 17th Annual General Meeting held on July 28, 2016, the Company, vide an indenture of conveyance dated March 27, 2017 ("Conveyance Deed"), has sold land registered under collector new numbers 3191 and C/3191(part), new survey numbers 7168, 2/7168(part) and 3/7168(part) and cadastral survey number 358 of Malabar Hill and Cumbala Hill division measuring 1,091.24 square meters ("Land") and the building located on the Land measuring 1,137.47 square meters built up area ("Building") to Mahindra Family Trust-II ("Purchaser"). The total consideration payable on the sale of the Land and Building is upto ` 237.21 crore ("Consideration"), out of which a net amount of ` 174.94 crore has been received by the Company after tax deducted at source ("TDS") of ` 1.77 crore. The balance amount of upto ` 60.5 crore ("Balance Amount") would be payable to the Company by the Purchaser upon the fulfilment of certain conditions pursuant to the closing of the transaction and the consequent obligation of the Company to pay the Balance Amount to the erstwhile owners of the property. If the Balance Amount is not payable by the Company to the erstwhile owners and therefore by the Purchaser to the Company, the Consideration would stand reduced to ` 176.71 crore.
Date(s) of approval by the Board, if any	10th June, 2016
Amount paid/received as advances, if any	Of the total consideration payable on the sale of the Land and Building which is upto ` 237.21 crore, the Company has received ` 174.94 crore after tax deducted at source ("TDS") of ` 1.77 crore. The balance amount of upto ` 60.5 crore is payable subject to certain conditions mentioned above.

For and on behalf of the Board

Arun Nanda
Chairman
DIN: 00010029

Place: Mumbai
Date: 16th May, 2017

ANNEXURE 8

Particulars of loans and advances to subsidiaries, associates and firms/companies in which directors are interested, and investments by the loanee in the shares of the parent company and subsidiary company required to be disclosed, in the annual accounts of the Company related to disclosure on Related Party pursuant to Para A of Schedule V of LODR.

The Subsidiary and Associate companies considered in the table below are as per Companies Act, 2013 and not as per INDAS. Whereas the accounts has disclosed at note no 45 the loans and advance in the nature of loans to subsidiaries, joint venture and associates as per INDAS.

Loans and advances in the nature of loans to subsidiaries:

(` in lakh)

Name of the Company	Balance as on 31st March, 2017	Maximum outstanding during the year
Mahindra Bebanco Developers Limited*	1,764.56	1,764.56

* *Mahindra Bebanco Developers Limited (MBDL) is a joint venture subsidiary company wherein the Company holds 70 percent of the equity and the MD & CEO of the Company is also on the Board of MBDL*

Loans and advances in the nature of loans to Associates:

(` in lakh)

Name of the Company	Balance as on 31st March, 2017	Maximum outstanding during the year
Kismat Developers Private Limited	0.78	0.78
Topical Builders Private Limited	208.53	208.53

Investments by the loanee in the shares of parent company and subsidiary company, when the company has made a loan or advance in the nature of loan: **NIL**

For and on behalf of the Board

Arun Nanda
Chairman
DIN: 00010029

Place: Mumbai
Date: 16th May, 2017

ANNEXURE 9

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 an intent to provide an Energy Efficient final product to its customers, the Company is developing Green Buildings. Green buildings increases resource efficiency (energy, water, and materials), while reducing the impact on human health and the environment, through better selection of sites, design, construction, operation, maintenance, i.e. the complete building life cycle. Steps taken for energy conservation: 1. Energy efficient building envelopes for walls and roofs including Low E glass in selective projects 2. Heat Reflective paints/ reflective surfaces for the roofs 3. Artificial lighting control via daylight sensor in selective projects 4. Adoption of high efficiency pumps, and motors 5. Group control mechanism for lifts 6. LED lamps for common areas & pathways and solar street lights for the landscape areas 7. Solar Water heating systems and Solar photovoltaic system for selective projects
(ii)	the steps taken by the Company for utilising alternate sources of energy;	:	Solar thermal water heaters for hot water generation and solar photovoltaic for common area lighting in selective projects.
(iii)	the capital investment on energy conservation equipments	:	Mahindra Lifespaces develops all its projects as green building projects. The Company does not capture these expenses separately under environmental protection expenditures/ green investments. During the feasibility study of the project for green building rating, these expenses are considered in the project budget itself. These expenditures are mainly for 1. use of energy efficient building envelopes (walls and roofs) 2. fenestration like low E glass, 3. heat reflective paints, 4. low flow fixtures, 5. sewage treatment plants, 6. rain water harvesting system, 7. solar street lights or LED lights, 8. organic waste converter, 9. energy efficient equipments such as pumps and motors, etc. 10. Solar Water heating systems 11. Solar photovoltaic system for selective projects

B. TECHNOLOGY ABSORPTION:

(i)	the efforts made towards technology absorption	:	The company took various efforts in identifying, evaluating and implementing alternate materials, methods, technologies for the ongoing projects. During the year, the company has evaluated and implemented various new technologies like use of Poly Urethane (PU) Foam for Door, Window fixing & nonstructural filling purposes, Block Joining Adhesives for faster, cleaner application for joining blockwork, RCC door Frames, Self-Curing Ready Mix Plasters, Polymer based plasters, Nano technology based waterproofing products and Curing Compounds.
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	:	Increase in work speed, improved finish quality, conservation of environment, cost effectiveness & reducing the dependence on manpower.
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	:	(a) The details of technology imported – RMD Shuttering (Airodeck slab formwork, Kwikstage propping etc). (b) The year of import – FY 16-17 (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	:	N.A.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

During the year, there was no Foreign Exchange earnings, whereas the Foreign Exchange outgo in terms of actual outflows was ` 106.27 lakh.

For and on behalf of the Board

Arun Nanda
Chairman
DIN: 00010029

Place: Mumbai
Date: 16th May, 2017

ANNEXURE 10

The details in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

1. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2016-17:

Name	Designation	Ratio
Mr. Arun Nanda	Non-executive Non-Independent Chairman	4.31
Mr. Sanjiv Kapoor	Non-executive Independent Director	0.92
Mr. Shailesh Haribhakti	Non-executive Independent Director	0.92
Dr. Prakash Hebalkar	Non-executive Independent Director	0.92
Mr. Bharat Shah[1]	Non-executive Independent Director	0.62
Dr. Anish Shah	Non-executive Non-Independent Director	–
Ms. Anita Arjundas	Managing Director & Chief Executive Officer	27.69

1 Mr. Bharat Shah was appointed as an Additional Director in the category of Non- Executive Independent Director with effect from 1st August, 2016.

For this purpose, sitting fees and reimbursement of out of pocket expenses incurred in attending the meetings of the Board and Committees and meetings of Independent Directors paid to the Directors have not been considered as remuneration. In respect of Non-Executive Chairman and Independent Directors only remuneration paid by way of Commission was considered.

2. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

The percentage increase in remuneration is as follows:

Name of the Person	Designation	Percent increase/ (decrease) over the FY 2015-16 (annualised basis)
Mr. Arun Nanda	Non-executive Non-Independent Chairman	(51)
Mr. Sanjiv Kapoor	Non-executive Independent Director	(10)
Mr. Shailesh Haribhakti	Non-executive Independent Director	(10)
Dr. Prakash Hebalkar	Non-executive Independent Director	(10)
Mr. Bharat Shah[1]	Non-executive Independent Director	0
Dr. Anish Shah	Non-executive Non-Independent Director	0
Ms. Anita Arjundas	Managing Director & Chief Executive Officer	0
Mr. Jayantt Manmadkar	Chief Financial Officer	8
Mr. Suhas Kulkarni	Company Secretary	12

1 Mr. Bharat Shah was appointed as an Additional Director in the category of Non- Executive Independent Director with effect from 1st August, 2016.

3. The Percentage increase in the median remuneration of employees in the financial year:

The percentage increase in the median remuneration of the employees in the financial year was 7 percent. The calculation of percentage increase in Median Remuneration is done based on comparable employees. Employees who were not eligible for any increment have been excluded for the purpose of this calculation.

4. The Number of permanent Employees on the rolls of the Company is 349.

5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and exceptional circumstances for increase in the managerial remuneration, if any:

The average percentage increase made in the salaries of total eligible employees other than the Key Managerial Personnel for FY 2017 is 9 percent, while the average increase in the remuneration of the Key Managerial Personnel is 6.67 percent. This increment is in line with the factors more particularly described in the Policy for Remuneration of the Directors and the Policy on remuneration of Key Managerial Personnel and Employees which are at Annexure 4 and 5 of this Report.

6. Affirmation that the remuneration is as per the remuneration policy of the Company: Yes

For and on behalf of the Board

Arun Nanda
Chairman
DIN: 00010029

Place: Mumbai
Date: 16th May, 2017

ANNEXURE 11

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**	L45200MH1999PLC118949
2.	**Registration Date**	16/03/1999
3.	**Name of the Company**	Mahindra Lifespace Developers Limited
4.	**Category/Sub-Category of the Company**	Company limited by shares/ Indian Non-Government Company
5.	**Address of the Registered office and contact details**	Mahindra Towers, 5th Floor, Worli, Mumbai 400 018. Contact: 022-67478600/8601 Fax: 022-24975084
6.	**Whether listed Company (Yes/No)**	Yes
7.	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	**Karvy Computershare Private Limited** Corporate Office: Karvy Selenium, Tower B, Plot Nos. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500032. Tel: 91 40-67162222 Fax: 91 40-23420814 Email Id: einward.ris@karvy.com Website: www.karvycomputershare.com Investor relation centre: 24 B, Rajabahadur Mansion, Ground Floor, Ambalal Doshi Marg, Fort, Mumbai - 400 023

2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 percent 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*	Percent to total turnover of the Company#
1.	Construction of Buildings	410	84.95

* As per National Industrial Classification- Ministry of Statistics and Programme Implementation

\# on the basis of Gross Turnover (Total Income)

3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary/ Associate/ Joint Venture	Percent of shares held	Applicable Section
1.	Mahindra and Mahindra Limited$	L65990MH1945PLC004558	Holding	50.78	2(46)
2.	Mahindra Infrastructure Developers Limited@	U45201MH2001PLC131942	Subsidiary	100.00	2(87)(ii)
3.	Mahindra World City Developers Limited Add: Ground floor, Mahindra Towers, 17/18, Patulous Road, Chennai 600002 – Tamil Nadu	U92490TN1997PLC037551	Subsidiary	89.00	2(87)(ii)
4.	Mahindra World City (Jaipur) Limited Add: 4th Floor, 411, Neelkanth Tower, Bhawani Singh Road, C-Scheme, Jaipur – 302001, Rajasthan.	U45209RJ2005PLC021207	Subsidiary	74.00	2(87)(ii)
5.	Mahindra World City (Maharashtra) Limited@	U45309MH2005PLC156225	Subsidiary	100.00	2(87)(ii)
6.	Mahindra Integrated Township Limited Add: Administrative Block, Central Avenue, Mahindra World City, Natham Sub P.O., Chengelpet Taluk, Kancheepuram 603002, Tamil Nadu	U74140TN1996PLC068288	Subsidiary	96.30*	2(87)(ii)
7.	Knowledge Township Limited@	U72900MH2007PLC173137	Subsidiary	100.00	2(87)(ii)
8.	Mahindra Residential Developers Limited Add: Mahindra World City, Administrative Block, Chengelpet Taluk, Kancheepuram 603002, Tamil Nadu	U45200TN2008PLC066292	Subsidiary	96.30^	2(87)(ii)
9.	Mahindra Bebanco Developers Limited@	U45203MH2008PLC183107	Subsidiary	70.00	2(87)(ii)
10.	Industrial Township (Maharashtra) Limited@	U45203MH2008PLC184190	Subsidiary	100.00	2(87)(ii)
11.	Raigad Industrial & Business Park Limited@	U70102MH2009PLC193399	Subsidiary	100.00	2(87)(ii)
12.	Anthurium Developers Limited@	U70109MH2010PLC203619	Subsidiary	100.00	2(87)(ii)
13.	Industrial Cluster Private Limited@	U70102MH2013PTC241512	Subsidiary	100.00	2(87)(ii)

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary/ Associate/ Joint Venture	Percent of shares held	Applicable Section
14.	Mahindra Industrial Park Chennai Limited Add: Ground floor, Mahindra Towers, 17/18, Patulous Road, Chennai 600002 – Tamil Nadu	U45209TN2014PLC098543	Subsidiary	53.40^	2(87)(ii)
15.	Mahindra Water Utilities Limited$	U45205MH1999PLC121235	Subsidiary	98.99^	2(87)(ii)
16.	Mahindra Homes Private Limited# @	U70102MH2010PTC203618	Subsidiary	74.98	2(87)(ii)
17.	Kismat Developers Private Limited@	U45200MH1994PTC079544	Associate	42.86	2(6)
18.	Topical Builders Private Limited@	U45200MH1997PTC108695	Associate	50.00	2(6)
19.	Mahindra Knowledge Park (Mohali) Limited Add: Fortis Heart Institute Sector 62 Mohali Chandigarh, Punjab - 160062	U00000PB2000PLC024091	Associate	46.15	2(6)

$ Add: Gateway Building, Apollo Bunder, Mumbai 400 001.

*Includes direct and indirect holding.

^ Indirect shareholding through subsidiary company.

Subsidiary w.e.f. 30th March, 2017.

@ Add: Mahindra Towers, 5th Floor, Worli, Mumbai – 400018.

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 2016-17				No. of Shares held at the end of the year 2016-17				Percent Change during the year
	Demat	Physical	Total	Percent of total subscribed and paid up share capital	Demat	Physical	Total	Percent of total subscribed and paid up share capital	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt (s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp	20,846,126	-	20,846,126	50.80	20,846,126	-	20,846,126	50.78	-0.02
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total (A) (1):-	**20,846,126**	**-**	**20,846,126**	**50.80**	**20,846,126**	**-**	**20,846,126**	**50.78**	**-0.02**
(2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	–
b) Other – Individuals	–	–	–	–	–	–	–	–	–

Category of Shareholder	No. of Shares held at the beginning of the year 2016-17				No. of Shares held at the end of the year 2016-17				Percent Change during the year
	Demat	Physical	Total	Percent of total subscribed and paid up share capital	Demat	Physical	Total	Percent of total subscribed and paid up share capital	
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total (A) (2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	**20,846,126**	–	**20,846,126**	**50.80**	**20,846,126**	–	**20,846,126**	**50.78**	**-0.02**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	483,118	1,968	485,086	1.18	910,267	1,638	911,905	2.22	1.04
b) Banks/FI	11,520	5,436	16,956	0.04	13,317	330	13,647	0.03	-0.01
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	194	56	250	0.00	194	56	250	0.00	0.00
g) FIIs	10,611,052	2,757	10,613,809	25.87	9,942,249	2,257	9,944,506	24.22	-1.65
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	**11,105,884**	**10,217**	**11,116,101**	**27.09**	**10,866,027**	**4,281**	**10,870,308**	**26.48**	**-0.61**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	2,618,723	9,630	2,628,353	6.41	2,785,494	14,966	2,800,460	6.82	0.41
ii) Overseas	11	276	287	0.00	11	276	287	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto ` 1 lakh	3,311,930	568,851	3,880,781	9.45	3,473,967	558,416	4,032,383	9.82	0.37
ii) Individual shareholders holding nominal share capital in excess of ` 1 lakh	1,984,503	–	1,984,503	4.83	1,618,352	–	1,618,352	3.94	-0.89
c) Others (Non-Resident Individuals)	518,018	2,236	520,254	1.27	327,342	2,206	329,548	0.80	-0.47
d) Others Trust, HUF and Clearing Members	11,975	–	11,975	0.03	511,316	–	511,316	1.25	1.22

Category of Shareholder	No. of Shares held at the beginning of the year 2016-17				No. of Shares held at the end of the year 2016-17				Percent Change during the year
	Demat	Physical	Total	Percent of total subscribed and paid up share capital	Demat	Physical	Total	Percent of total subscribed and paid up share capital	
Sub-total (B)(2):-	**8,445,160**	**580,993**	**9,026,153**	**21.99**	**8,716,482**	**575,864**	**9,292,346**	**22.63**	**0.64**
Total Public Shareholding (B)=(B)(1)+(B)(2)	**19,551,044**	**591,210**	**20,142,254**	**49.09**	**19,582,509**	**580,145**	**20,162,654**	**49.11**	**0.02**
C. Shares held by Custodian for GDRs & ADRs	**44,540**	**230**	**44,770**	**0.11**	**44,540**	**230**	**44,770**	**0.11**	**0.00**
Grand Total (A+B+C)	**40,441,710**	**591,440**	**41,033,150**	**100.00**	**40,473,175**	**580,375**	**41,053,550**	**100.00**	**0.00**

(ii) Shareholding of Promoters

Name of Shareholder	No. of Shares held at the beginning of the year 2016-17			No. of Shares held at the end of the year 2016-17			percent Change during the year
	No. of Shares	percent of total Shares of the Company	percent of Shares Pledged/encumbered to total shares	No. of Shares	percent of total Shares of the Company	percent of Shares Pledged /encumbered to total shares	
Body Corporate - Mahindra & Mahindra Limited	20,846,126	50.80	0.00	20,846,126	50.78	0.00	-0.02

(iii) Change in Promoters' Shareholding (please specify, if there is no change): There is no change in the Shareholding of Promoter Group. The shareholding in percentage terms of the promoter has decreased because of issue of shares to eligible employees upon exercise of options granted under the Employee Stock Option schemes.

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

Sr. No.	Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)	Shareholding		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	Percent of total shares of the Company				No. of shares	Percent of total shares of the Company
1	Amansa Holdings Private Limited#	2,341,170	5.71	01.04.2016				
				03.02.2017	(345,537)	Transfer	1,995,633	4.86
				10.02.2017	(134,612)	Transfer	1,861,021	4.54
				17.02.2017	(235,972)	Transfer	1,625,049	3.96
				24.02.2017	(1,000)	Transfer	1,624,049	3.96
				10.03.2017	(1,624,049)	Transfer	0	0.00
		0	0	31.03.2017				
2	Smallcap World Fund, Inc	2,157,380	5.28	01.04.2016	No change		2,157,380	5.26
		2,157,380	5.26	31.03.2017				

Sr. No.	Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)	Shareholding		Date of transaction	Increase/ (Decrease) in shareholding	Reason	Cumulative Shareholding during the year (01.04.2016 to 31.03.2017)	
		No. of shares at the beginning 01.04.2016/ end of the year 31.03.2017	Percent of total shares of the Company				No. of shares	Percent of total shares of the Company
3	ICICI Prudential Life Insurance Company Ltd	1,800,896	4.39	01.04.2016	–	–	–	
				08.04.2016	(210)	Sale	1,800,686	4.39
				13.05.2016	58,804	Purchase	1,859,490	4.53
				20.05.2016	4,171	Purchase	1,863,661	4.54
				26.08.2016	(2,016)	Sale	1,861,645	4.54
				02.09.2016	(987)	Sale	1,860,658	4.53
				16.09.2016	(672)	Sale	1,859,986	4.53
				30.09.2016	(336)	Sale	1,859,650	4.53
				07.10.2016	(672)	Sale	1,858,978	4.53
				21.10.2016	(378)	Sale	1,858,600	4.53
				04.11.2016	(378)	Sale	1,858,222	4.53
				18.11.2016	(189)	Sale	1,858,033	4.53
				25.11.2016	225	Purchase	1,858,258	4.53
		1,858,258	4.53	31.03.2017				
4	The Scottish Oriental Smaller Companies	437,365	1.07	01.04.2016				
				29.04.2016	(61,331)	Sale	376,034	0.92
				22.07.2016	(107,368)	Sale	268,666	0.65
				28.10.2016	(2,110)	Sale	266,556	0.65
				11.11.2016	(186,476)	Sale	80,080	0.20
				10.03.2017	738,440	Purchase	818,520	1.99
		818,520	1.99	31.03.2017				
5	American Funds Insurance Series Global Small Capitalization Fund	681,356	1.67	01.04.2016				
				22.07.2016	174,000	Purchase	855,356	2.08
		855,356	2.08	31.03.2017				
6	National Westminster Bank Plc as Depositary of First State Indian Subcontinent Fund A Sub Fund of FI	636,385	1.55	01.04.2016				
				11.11.2016	2,071	Purchase	638,456	1.56
				18.11.2016	55,055	Purchase	693,511	1.69
		693,511	1.69	31.03.2017				
7	First State Investments ICVC- Stewart Investors Asia Pacific Fund	823,260	2.01	01.04.2016				
				11.11.2016	6,048	Purchase	829,308	2.02
				18.11.2016	160,817	Purchase	990,125	2.41
		990,125	2.41	31.03.2017				

Sr. No.	Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)	Shareholding		Date of transaction	Increase/ (Decrease) in shareholding	Reason	Cumulative Shareholding during the year (01.04.2016 to 31.03.2017)	
		No. of shares at the beginning 01.04.2016/ end of the year 31.03.2017	Percent of total shares of the Company				No. of shares	Percent of total shares of the Company
8	First State Investments ICVC- Stewart Investors Global Emerging Markets Fund	765,442	1.87	01.04.2016				
				29.07.2016	(12,404)	Sale	753,038	1.84
				05.08.2016	(10,465)	Sale	742,573	1.81
				12.08.2016	(25,047)	Sale	717,526	1.75
				19.08.2016	(278)	Sale	717,248	1.75
				26.08.2016	(14,854)	Sale	702,394	1.71
				02.09.2016	(3,326)	Sale	699,068	1.70
				09.09.2016	(3,225)	Sale	695,843	1.70
				16.09.2016	(5,553)	Sale	690,290	1.68
				23.09.2016	(4,234)	Sale	686,056	1.67
				11.11.2016	4,650	Purchase	690,706	1.68
				18.11.2016	123,637	Purchase	814,343	1.98
		814,343	1.98	31.03.2017				
9	Hitesh Satish Chandra Doshi #	404,702	0.99	01.04.2016				
				29.04.2016	(8,000)	Sale	396,702	0.97
				23.09.2016	(21,413)	Sale	375,289	0.91
				25.11.2016	(5,769)	Sale	369,520	0.90
				06.01.2017	(9,429)	Sale	360,091	0.88
				13.01.2017	(3,682)	Sale	356,409	0.87
				20.01.2017	(60,000)	Sale	296,409	0.72
				03.02.2017	(112,442)	Sale	183,967	0.45
				03.03.2017	(28,226)	Sale	155,741	0.38
				17.03.2017	(10,000)	Sale	145,741	0.35
				31.03.2017	(56,186)	Sale	89,555	0.22
		89,555	0.22	31.03.2017				
10	UTI- Balance Fund*	216,006	0.53	01.04.2016				
				21.10.2016	5,000	Purchase	221,006	0.54
				11.11.2016	15,000	Purchase	236,006	0.58
				18.11.2016	15,000	Purchase	251,006	0.61
				25.11.2016	53,192	Purchase	304,198	0.74
				09.12.2016	10,000	Purchase	314,198	0.77
				03.02.2017	35,000	Purchase	349,198	0.85
				10.02.2017	25,000	Purchase	374,198	0.91
				17.02.2017	40,000	Purchase	414,198	1.01
				24.03.2017	50,000	Purchase	464,198	1.13
				31.03.2017	17,391	Purchase	481,589	1.17
		481,589	1.17	31.03.2017				
11	National Westminster Bank Plc As Depositary Of FIR*	338,816	0.83	01.04.2016				
				11.11.2016	2,779	Purchase	341,595	0.83
				18.11.2016	73,903	Purchase	415,498	1.01
		415,498	1.01	31.03.2017				

Sr. No.	Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)	Shareholding		Date of transaction	Increase/ (Decrease) in shareholding	Reason	Cumulative Shareholding during the year (01.04.2016 to 31.03.2017)	
		No. of shares at the beginning 01.04.2016/ end of the year 31.03.2017	Percent of total shares of the Company				No. of shares	Percent of total shares of the Company
12	First State Investments (HongKong) Limited A/C FIR*	185,054	0.45	01.04.2016				
				29.04.2016	(25,950)	Sale	159,104	0.39
				22.07.2016	(45,429)	Sale	113,675	0.28
				28.10.2016	(893)	Sale	112,782	0.27
				11.11.2016	(78,899)	Sale	33,883	0.08
				10.03.2017	698,082	Purchase	731,965	1.78
				24.03.2017	62,376	Purchase	794,341	1.93
				31.03.2017	103,279	Purchase	897,620	2.19
		897,620	2.19	31.03.2017				

The Shareholder was in Top10 category as on 01.04.2016 but not as on 31.03.2017.

* The Shareholder was not in Top10 category as on 01.04.2016 but in the Top 10 category as on 31.03.2017.

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name of the Directors and Key Managerial Personnel	Shareholding at the beginning 01.04.2016 & end of the year 31.03.2017		Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease			Cumulative Shareholding during the year (01.04.2016 to 31.03.2017)	
		No. of shares	percent of total shares of the Company	Date of transaction	Increase/ Decrease in shareholding	Reason	No. of shares	percent of total shares of the Company
1	Mr. Arun Nanda	131,064	0.32	01.04.2016		NO CHANGE	131,064	0.32
		131,064	0.32	31.03.2017				
	Note: Out of the total 131,064 shares, 600 shares are jointly held by Ms. Neerja Nanda (Wife), first holder and Mr. Arun Nanda, second holder and 350 shares are jointly held by Mr. Uday Nanda (Son), first holder, Ms. Neerja Nanda (Wife), second holder and Mr. Arun Nanda, third holder. There is no change in the joint shareholding as aforesaid during the year.							
2	Dr. Anish Shah	0	0.00	01.04.2016		NO CHANGE	0	0.00
		0	0.00	31.03.2017				
3	Ms. Anita Arjundas	8,000	0.02	01.04.2016		NO CHANGE	8,000	0.02
		8,000	0.02	31.03.2017				
4	Mr. Bharat Shah	0	0.00	01.08.2016		NO CHANGE	0	0.00
		0	0.00	31.03.2017				
Note: Bharat Shah was appointed as Additional Director in the category of Independent Director w.e.f. 1st August, 2016								
5	Dr. Prakash Hebalkar	5,000	0.01	01.04.2016		NO CHANGE	5,000	0.01
		5,000	0.01	31.03.2017				
6	Mr. Shailesh Haribhakti	5,000	0.01	01.04.2016		NO CHANGE	5,000	0.01
		5,000	0.01	31.03.2017				
7	Mr. Sanjiv Kapoor	0	0.00	01.04.2016		NO CHANGE	0.00	0
		0	0.00	31.03.2017				

Sr. No.	Name of the Directors and Key Managerial Personnel	Shareholding at the beginning 01.04.2016 & end of the year 31.03.2017		Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease			Cumulative Shareholding during the year (01.04.2016 to 31.03.2017)	
		No. of shares	percent of total shares of the Company	Date of transaction	Increase/ Decrease in shareholding	Reason	No. of shares	percent of total shares of the Company
8	Mr. Suhas Kulkarni	2,800	0.00	01.04.2016				
				27.10.2016	1,200	Allotment under ESOS - 2012	4,000	0.01
		4,000	0.01	31.03.2017				
9	Mr. Jayantt Manmadkar	1,600	0.00	01.04.2016		NO CHANGE	1,600	0.00
		1,600	0.00	31.03.2017				

5. **INDEBTEDNESS**

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

(` in lakh)

PARTICULARS	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	62,088.86	7,000	–	69,088.86
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	2,993.64	–	–	2,993.64
Total (i+ii+iii)	**65,082.50**	**7,000**	–	**72,082.5**
Change in Indebtedness during the financial year				
• Addition	9,723.00	2,522.60	–	12,245.60
• Reduction	17,916.23	7,000.00	–	24,916.23
Net Change	**(8,193.23)**	**4,477.40**	–	**(12,670.63)**
Indebtedness at the end of the financial year				
i) Principal Amount	53,877.19	2,500.00	–	56,377.19
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	**3,012.08**	**22.60**	–	**3,034.68**
Total (i+ii+iii)	**56,889.27**	**2,522.60**	–	**59,411.87**

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

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

(` in lakh)

Sr. No	Particulars of Remuneration	Name of MD/WTD/MANAGER	Total Amount
		Anita Arjundas	
1.	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	246.50	246.50
	(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	–	–

Sr. No	Particulars of Remuneration	Name of MD/WTD/MANAGER	Total Amount
		Anita Arjundas	
2.	Stock Option Related Perquisites	11.63	11.63
3.	Sweat Equity	–	–
4.	Commission		
	• as percent of profit	–	–
	• others, specify…	–	–
5.	Others, please specify	–	–
	Total (A)	**270.04**	**270.04**
	Ceiling as per the Act	**376.38**	**376.38**

B. Remuneration of other directors:

(` in lakh)

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amt
1.	**Independent Directors**	**Mr. Sanjiv Kapoor**	**Mr. Shailesh Haribhakti**	**Dr. Prakash Hebalkar**	**Mr. Bharat Shah**	
	• Fee for attending board/committee meetings/meetings of the Independent Directors	11.60	11.60	11.00	5.30	39.5
	• Commission	9.00	9.00	9.00	6.00	33.00
	• Others, please specify	–	–	–	–	–
	Total (1)	**20.60**	**20.60**	**20.00**	**11.30**	**72.50**
2.	Other Non-Executive Directors	**Mr. Arun Nanda**		**Dr. Anish Shah**		
	• Fee for attending board/committee meetings		9.15		–	9.15
	• Commission		42.00		–	42.00
	• Others, please specify		–		–	–
	Total (2)		**51.15**		–	**51.15**
	Total (B)=(1+2)		–		–	**124.00**
	Total (A)		–		–	**270.05**
	Total Managerial Remuneration		–		–	394.05
	Overall Ceiling as per the Act		–		–	75.28

* Mr. Bharat Shah was appointed as an Additional Director in the category of Non- Executive Independent Director with effect from 1st August, 2016.

C. Remuneration to Key Managerial Personnel Other Than Managing Director/Manager/Whole time director:

(` in lakh)

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	–	108.36	84.49	192.84
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	0.39	0.29	0.68
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	–	–	–	–
2.	Stock Option related perquisites	–	–	–	–
3.	Sweat Equity	–	–	–	–

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
4.	Commission	–	–	–	–
	• as percent of profit	–	–	–	–
	• others, specify…	–	–	–	–
5.	Others, please specify	–	–	–	–
	Total	–	**108.75**	**84.77**	**193.52**

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

Arun Nanda
Chairman
DIN: 00010029

Place: Mumbai
Date: 16th May, 2017

MANAGEMENT DISCUSSION AND ANALYSIS

Mahindra Lifespace Developers Limited ('Mahindra Lifespaces', 'MLDL' or 'the Company') is one of the leading real estate development companies in India. Over the years, the Company has created a reputation for itself by delivering an array of highly successful projects and establishing industry benchmarks in environment friendly and sustainable developments.

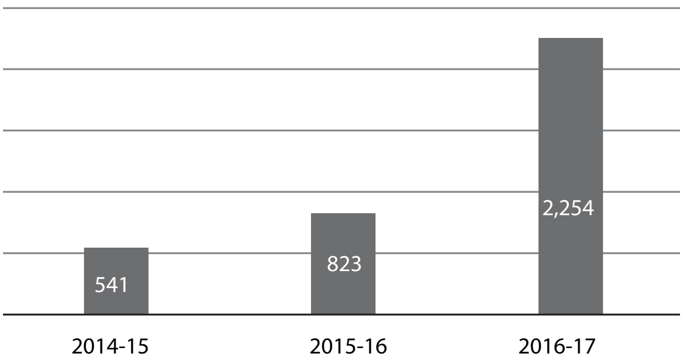
Mahindra Lifespaces, along with its subsidiary companies, is engaged in the development of residential projects (Mahindra Lifespaces) and integrated cities (Mahindra World City). Its residential offering comprises mid-premium segment housing as well as affordable housing (Happinest). This chapter presents an overview of the performance of the Company during 2016-17 and its strategy for future growth.

Performance Highlights

Strong focus on execution

In the residential space, **2016-17 saw a strong focus on execution with over 2,250 units handed over to customers. As shown in Chart A, handovers have risen considerably over the last few years.**

Chart A: Number of Units Handed Over

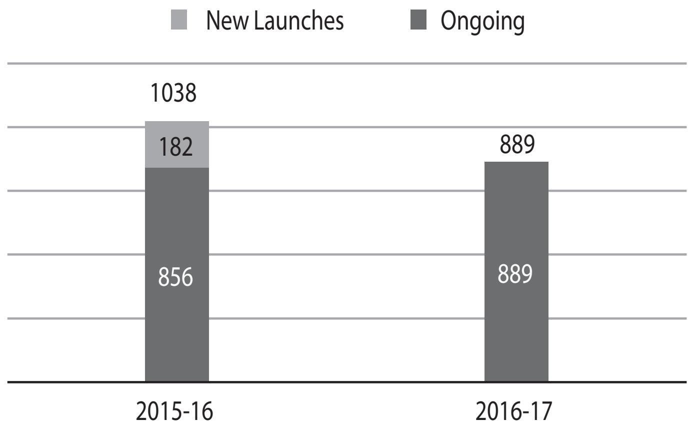


This is a direct result of reducing the project life cycle i.e. time taken from procuring land to delivery of the projects. **Around 4.2 million square feet of the total completed development of 13.87 million square feet by the Company[1], has happened in the last two years — 2015-16 and 2016-17**. The improvement in the pace of project execution and handover has been aided by building people and process capabilities as well as scalable systems in quality, safety and customer relations. These have been discussed in greater detail in the respective sections of this report.

Sustained sales performance in Residential

In the residential segment, the Company sold2 889 residential units aggregating to 0.95 million square feet of saleable area in 2016-17 compared to 1,038 units or 1.21 million square feet in 2015-16. Though this is less than what was achieved in the previous year, it is noteworthy for two reasons. **First, the Company could not launch three projects planned for launch during the year due to high court orders banning new construction in the Mumbai Metropolitan Region (MMR)[3].** As shown in Chart B, the Company's sales performance across ongoing projects alone was better than the previous year — 889 units during the year compared to 856 units in 2015-16.

Chart B: Sales (Units): Ongoing and New Lanuches



Second, sales velocity was affected in the aftermath of currency demonetisation on account of uncertainty and slowdown in economic activity due to consumer expectations of major price corrections in the property market post-demonetisation. The demand situation saw a marked improvement towards the close of the year, as enquiries climbed back to pre-demonetisation levels and sales velocity improved. Further discussion on market situation, opportunities and the Company's strategy is presented in the next section on 'Opportunities and Strategy'.

Creditable contribution from World Cities

2016-17 saw an increase in contribution from the integrated cities and the industrial clusters business. **Over 75 acres of land leases were concluded during the year across the two operational World Cities in Jaipur and Chennai, versus 29 acres in the previous year.** This was possible primarily due to the launch of the second phase of the domestic tariff area (DTA) in Jaipur after successful area reallocation and product-mix approvals. Mahindra World City (MWC), Chennai, also added around 40 acres to its saleable area that was previously not marketable due to pending approvals. Both these developments allowed the business to reach out to a larger base of potential customers.

The Company expects to further benefit from the ability to market to a wider customer base at Jaipur upon conversion of the sector-specific SEZs into a multi-product SEZ. In addition, **it is gearing up to launch two new industrial clusters near Chennai and Ahmedabad — in line with its strategy for growth in this segment.** This is discussed in greater detail in the next section on 'Opportunities and Strategy', whereas developments in the two ongoing projects are discussed in 'Operations'.

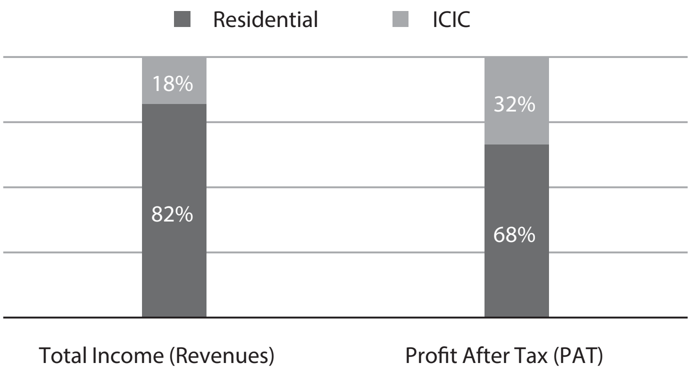
11.5 percent growth in consolidated PAT

Despite headwinds faced by the Company in the form of an adverse macroeconomic environment and regulatory events, Mahindra Lifespaces registered a creditable performance during 2016-17.

- Consolidated total revenue grew by 20.9 per cent, from ` 68,717.31 lakh in 2015-16 to ` 83,101.70 lakh in 2016-17.
- Profit before taxes (PBT) of the consolidated entity, after including share in profit from joint venture (JV) entities and associates4, stood at ` 13,890.29 lakh in 2016-17 as compared to ` 13,752.32 lakh in 2015-16.
- Consolidated profit after taxes (PAT) after minority interest was ` 10,223.72 lakh in 2016-17, a growth of 11.5 per cent over ` 9,170.32 lakh in the previous year. Diluted EPS also increased by 11.6 per cent to ` 24.85 for the consolidated entity.

Chart C provides the indicative share of operating entities 5 engaged in the Residential and Integrated Cities & Industrial Clusters (ICIC) businesses in the revenues and profits during 2016-17. Further, details of the financial performance of all operating entities is provided in the section on 'Financials'.

Chart C : Share of Businesses in Revenue & Profit



In the remainder of the report, we will present the operational and financial performance of the Company, which is followed by a discussion on risks and concerns and the outlook for the future. We begin with an overview of the opportunities in the current environment, and the Company's strategy for growth.

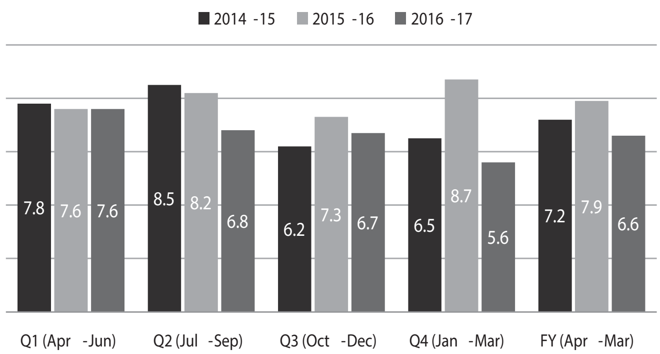
Opportunities and Strategy

2016 was another difficult year for the world economy — marked by stagnant global trade and subdued investment. However, there was some improvement towards the end of the year, which has spilled on to 2017 and is expected to continue. The first quarter of 2017 (January-March) also saw signs of stronger activity in most advanced economies and easing of recessionary conditions in commodity exporting large emerging market economies. **According to the IMF, global growth is projected to increase from 3.1 per cent in 2016 to 3.5 percent in 2017. The outlook for global trade and investments has also improved.**

On the domestic front, there was a moderate decline in macroeconomic performance in 2016-17. **According to the provisional estimates released by the Central Statistics Office (CSO) on 31 May 2017, India's Gross Value Added (GVA) growth for 2016-17 is pegged at 6.6 per cent, compared to 7.9 per cent in the previous year.** The deceleration in industrial growth was more significant, even as agriculture and higher government expenditure offsets some of the slowdown in economic activity. Construction sector, which accounts for around 8 per cent of the GDP grew at a meagre 1.7 per cent in 2016-17.

On the positive side, the quarterly estimates of GDP (See Chart D) suggest that the impact of demonetisation on economic activity was not as large as initially envisaged. The growth rate for October-December, 2016 was only 0.1 percentage points less than that of the immediately preceding quarter; and that of January-March, 2017 was 1.1 percentage points less. The contraction on account of demonetisation was not as severe as prophesied by the critics. This is in line with the Company's experience. Moreover, from February, 2017 the demand situation began to improve and enquiries started getting back to pre-demonetisation levels.

Chart D : Growth in Gross in Value Added at Basic Prices (YoY, %)



The farm sector has done well with record production of major foodgrains; and one should expect a pick-up in demand in 2017-18. The Index of Industrial Production (IIP) recovered in January, 2017 with a broad-based improvement in manufacturing. Activity in the services sector, too, is gathering pace. **The overall outlook for Indian economy is positive with the RBI expecting GVA growth to strengthen to 7.4 per cent in 2017-18.**

[1] Does not include selected projects that were completed by GESCO. Includes certain commercial developments undertaken by the Company.

[2] Sales of units includes the Company's share, partner's share in joint developments as well as sales by its subsidiaries and joint ventures.

[3] The Honourable Bombay High Court placed restrictions on: (a) granting permissions for new construction due to solid waste management issue in Mumbai, and (b) granting building height approvals in the funnel area of the airport in Mumbai. These restrictions have affected upcoming projects of all developers, not just Mahindra Lifespaces.

In addition, a stable inflationary environment is likely to keep the monetary policy stance of the RBI in the neutral zone. Besides, complete transmission of past policy rate reductions into bank lending rates is yet to take place. This transmission to lower lending rates should help encourage both consumption and investment demand from businesses. These augur well for the real estate industry.

Residential Developments

During 2016-17, the demand situation in the residential developments space remained subdued. Inventory levels increased despite drop in new launches. The luxury segment was most hit with very low absorption levels across markets. In the geographies where Mahindra Lifespaces operates, Delhi-NCR market continued to be the most affected followed by Chennai. In comparison, the demand situation was better in Mumbai, Pune, Hyderabad and Bengaluru.

Besides, demand is now driven by end-users and not investors, which has resulted in a greater preference for developers with differentiated offerings and an established track record. In line with its customer-centric approach, the Company has identified 'Joyful Homecomings' as the brand proposition around which the homeowner's experience is built and communicated. This encompasses the delivery of thoughtfully designed homes and community spaces, hassle free experiences, a portfolio of post-handover services together with the creation of a vibrant community that augments the living experience for homeowners. Mahindra Lifespaces has benefited from this differentiation strategy; and the 'Mahindra' brand — a name associated with honesty, transparency, fairness and trust — has continued to play a consistently positive, consumer-attracting role. **The Company was awarded the "Porter Prize for Excellence in Governance" in 2016.**

The Company has identified the western and southern regions as the growth corridors for its residential business. It already has projects in the Mumbai Metropolitan Region (MMR), Pune and Chennai which are in advanced stages of planning/approvals. The Company is actively seeking opportunities, in Mumbai, Pune, Bengaluru and Hyderabad to build a critical mass of projects before exploring new geographies. Equally, **the focus is on adopting quick-turnaround, asset-light models though the Joint Development or Joint Venture route — either in collaboration with land owners or through financial partners in such projects.**

In the affordable housing space, learnings from its two pilot projects at Avadi and Boisar have enabled the Company to structure a templated model that is both scalable and brings down the project cycle, thereby increasing the capital efficiency. Moreover, recent developments on the government policies front such as 'Housing for All' and the 'Pradhan Mantri Awas Yojana' have further improved the viability and outlook for the segment. Accordingly, **affordable housing continues to be an important growth area for the Company. It is currently awaiting approvals for its third project in this space.**

Integrated Cities & Industrial Clusters (ICIC)

2016-17 saw focused demand for industrial land and built-to-suit solutions from multinational companies looking to address the large Indian market. The government's manufacturing push as well as a gradual turnaround in the macroeconomic situation can further strengthen this trend in 2017-18, especially in certain manufacturing corridors.

The Company is a pioneer in the integrated business cities space, and currently has two operational integrated cities — Mahindra World City — at Chennai and Jaipur developed in a public-private partnership model with the respective State Governments. On the product mix side, expansion of the domestic tariff area (DTA) in MWC, Jaipur, through area re-allocation has already contributed to the Company's performance during the year. The conversion of sector-specific SEZs into a multi-product SEZ in Jaipur, which is expected in 2017-18, will further unlock its leasing potential. Further, the year also saw the addition of 40 acres of marketable land, in Mahindra World City, Chennai.

The Company has identified upcoming industrial destinations and corridors in the western and southern regions, where it is looking to create a network of smaller industrial clusters as part of its growth strategy for this business. **It is currently working on two such industrial parks: one, near Chennai (Tamil Nadu) in a joint venture with Sumitomo Corporation, Japan, and the other near Ahmedabad (Gujarat).**

A pre-aggregated approach to land acquisition — as successfully implemented in the project near Ahmedabad — along with a smaller footprint for the industrial clusters will significantly help to reduce the turnaround time, and thus increase capital efficiency while reducing the risk profile of these projects. These also help in improving the attractiveness of such projects to strategic and financial investors, allowing the Company to raise capital through collaborations and equity participation, such as its joint venture with Sumitomo for the project near Chennai. Smaller projects should also enable the Company to augment its product offerings by focusing on specific industrial segments that operate in these clusters.

Operations – Projects Update

Residential Developments

2016-17 saw continued focus on execution, with sustained momentum in the completion of construction and a major step-up in the number of handovers by the Company. Construction activity was completed in six phases across three of its projects aggregating to 0.93 million square feet during 2016-17 — taking the completed area to over 4.2 million square feet in the last two years. This also meant a significant increase in the handovers. **The Company handed over 2,254 units to its customers in 2016-17, almost three-times the 823 units handed over in the previous year.**

Table 1 provides a snapshot of the Company's project portfolio across different markets. As of 31st March, 2017, the Company along with its subsidiaries has completed projects covering 13.87 million square feet 6 in the residential segment, including 0.93 million square feet completed during the year. During 2016-17, the Company launched fresh inventory in four of its existing projects. **It is currently developing 3.59 million square feet and another 5.3 million square feet is available in the form of new phases of ongoing projects or fresh projects that are in different stages of planning to be launched in the near future.**

Table 1: Projects Snapshot as on 31st March, 2017 (million square feet#)

Location	Completed Development	Current Development	Future Development
MMR*	3.04	0.43	1.78
Pune	2.08	0.79	0.97
Hyderabad	1.08	–	–
Chennai	3.81^	0.38	1.45
Nagpur	0.41	0.78	0.35
NCR**	3.04	0.78	0.33
Bengaluru	–	0.44	0.43
Jaipur	0.40^	–	–
Total	**13.87**	**3.59**	**5.30**

Estimated saleable area

* MMR includes Mumbai, Boisar, Palghar, Thane and Alibaug

** NCR includes Delhi, Gurgaon and Faridabad

^ Includes residential and commercial developments inside MWC, Chennai and Jaipur

Table 2 provides project-wise status of completion and sales of the Company's ongoing projects as well as information on forthcoming projects for which design development or approvals are underway. In addition to this, the Company has a landbank with a development potential aggregating around 11.04 million square feet7, 86 per cent of which is within Mahindra World City, Chennai.

Table 2: Project-wise status as on 31st March, 2017

Market	Project	Estimated Area (million square feet)		(Percent of Launched)	
		Total	Launched	Sales#	Completed
Ongoing Projects					
Chennai	Aqualily^	1.58	1.51	70	82
Chennai	Iris Court*^	0.86	0.86	98	100
Chennai	Nova^	0.54	0.54	81	100
NCR	Aura*	1.39	1.39	99	100
NCR	Luminare^	1.10	0.78	55	48
Nagpur	Bloomdale^	1.55	1.14	81	75
Pune	Antheia	1.63	1.22	80	87
Pune	L'Artista	0.09	0.09	–	99
Hyderabad	Ashvita	1.08	1.08	80	100
MMR	Vivante	0.16	0.16	89	71
MMR	The Serenes	0.16	0.06	40	58
Bengaluru	Windchimes^	0.87	0.44	65	68
MMR	Happinest Boisar	0.52	0.42	85	88
Chennai	Happinest Avadi	0.73	0.44	77	89
Total		**12.26**	**10.12**	**82.54**	**–**

Forthcoming Projects	Estimated Area (million square feet)	
	Total	Launched
Kandivili, Mumbai	0.14	–
Sakinaka, Mumbai	0.34	–
Palghar (1 & 2), MMR	0.89	–
Andheri, Mumbai	0.23	–
Pimpri, Pune	0.56	–
MWC, Chennai^	1.07	–
Total	**3.24**	

Sales (percent) based on MLDL's share in launched area

* Last phase of these projects completed in 2015-16; Handover activity in 2016-17

^ Projects implemented by subsidiaries

Integrated Cities & Industrial Clusters

2016-17 saw a major thrust in the acquisition of new customers and expansion by existing customers in the Mahindra World Cities resulting in a significant increase in acreages leased. Combined exports by companies at the two World Cities crossed `11,000 crore and their direct employment crossed 46,000 persons.

Mahindra World City, Chennai added two new customers and an existing client leased additional land, taking the total number of industrial customers to 64 — 26 in the SEZ and 38 in the DTA. 52 of these companies were operational as of 31st March, 2017.

The four operational residential projects at Mahindra World City, Chennai saw occupancy increase from around 700 families in the previous year to 1,100 families in 2016-17. The details of the residential projects in Mahindra World City, Chennai have already been provided in the section on Residential developments.

On the retail and social infrastructure front, a hostel for young working professionals started operations during the year. JSP Hospitals also expanded its service offering to a 30 bed, 24x7 facility including outpatient services, ambulance services and a pharmacy.

Mahindra World City, Jaipur, leased 67 acres during the year adding 7 new customers while 2 existing customers took up additional space. At the end of the year, the Company had 74 industrial customers, 45 in the SEZs and 29 in the DTA, of which 41 companies are operational and 9 have initiated development activities. An important development during the year was the completion of the economic land use plan for around 450 acres of residential, institutional and social infrastructure zone and the signing up of an anchor customer for the establishment of Bharat Skill Development University in the World City.

In the industrial clusters space, the Company, through its subsidiary, secured environmental clearances for its 264 acres project near Chennai in a joint venture with Sumitomo Corporation. It has also received in-principle approval for commencement of construction activities from the relevant authority.

The Company, through its subsidiary, also acquired around 268 acres of land near Ahmedabad in Gujarat for its second industrial cluster and has initiated the master planning for the project. It is in the process of securing necessary approvals, following which infrastructure development and launch of the project can be initiated.

Operations – Strategic Priorities

The strategic priorities of the Company have been to focus on value creation for the customer so as to increase throughput and build brand equity as well as on resourcing for scale — be it land as raw material, capital for financing growth or building capability of its human resources.

Customer Acquisition and Engagement

2016-17 was a challenging year for the residential sector with slow demand further exacerbated by a three months impact on sale owing to demonetization. Against this backdrop, the Company took several initiatives to drive sales at its projects.

The Company undertook an outreach program to increase the number of channel partners associated with it by over 20 per cent. The Company also launched a corporate outreach program covering around 60 corporates across the country with around 3 per cent of annual sales coming from corporate customers. Along with the sales outreach, the Company also worked towards ensuring greater access to its customers at any point of time. Towards this end, the capacity of the call centre was expanded by over 5 times, which enabled it to serve all time zones effectively. At the same time, online chat facilitated addressing queries on a real-time basis.

During the year, the Company introduced its brand proposition, ‘Joyful Homecomings’ as a part of its communication strategy with it target customer base. It also invested significantly in its digital and social marketing efforts to engage consumers including the use of Online Reputation Management (ORM) to listen and respond to consumers engaging with the brand in the digital space. **The Company won the prestigious “Best Real Estate Brand on Social Media” award from a well-known social media analysis and research organisation.**

In the World Cities, engagement with industry specific and country specific trade/industry bodies and dedicated road shows helped increase the outreach to potential customers. **The Company also expanded the reach and diversity of the 3rd edition of its thought leadership platform ‘Confluence’, by putting together a global platform of urban planners, practitioners, consultants, financial institutions and government stakeholders from India and across the world.**

Execution Excellence

Mahindra Lifespaces’ focus on this priority area has been to institutionalise project execution capabilities through scalable systems and processes that aid in timely delivery, quality of product and safety during construction, with the ultimate goal of adding value to our customers. It has embraced an Integrated Management System (IMS) covering three International Standards — ISO 9001:2008 (Quality Management System), ISO 14001:2004 (Environmental Management System) and OHSAS 18001:2007 (Occupational Health and Safety Management System) for both its business segments. During the year, it successfully completed IMS re-certification.

The Company’s strong quality management system has been instrumental in improving the quality of its products and processes, while enhancing the productivity of its operations to make these more competitive. **During 2016-17, the Company’s focus on delivering a ‘Zero-Snag Product’ received a major boost with the implementation of a mobile application ‘Q SCAN’. This app automates the entire home inspection process prior to handover, ensuring zero defects and seamless communication of handover readiness to the Customer Relations function.**

As mentioned earlier over 2,250 units were handed over to customers during the year. Over 60 per cent of these had zero snags identified by customers. Moreover, the Company achieved a Top 2 box score of over 80 per cent on product quality parameters on possession. **'Q SCAN' received the BestPrax Prize 2016, awarded by QIMPRO, for 'Indigenous Mobile Application'.**

The Company has an established 'Safety Policy' which underscores its commitment to prevent accidental injuries and improve the occupational health of its associates. **In line with recent developments in construction safety, it has adopted the principles of "Behaviour Based Safety Management", which internalises safe practices in the construction process itself, rather than considering it a distinct activity.**

The Company's flagship safety initiative "Safe Methods and Risk Reduction Techniques" (SMARRT) implements international best practices and aims to eliminate unsafe acts by proactive reporting of such incidents. During the year, the Company implemented several initiatives to improve processes, sensitise workers and promote safe practices. Some of these include visual identification of workers trained for working at heights, SMS campaign to workers in local languages, spot recognition programme offering cash rewards to workmen for identifying unsafe acts, conditions, reporting near misses and safe work practices.

In recognition of its efforts, Mahindra Lifespaces received the 'CIDC Vishwakarma Award' for 'Health Safety & Environment' for three of its projects: Windchimes in Bengaluru, Luminare in Gurgaon and Antheia in Pune. These awards are given by Construction Industry Development Council (CIDC), established by Planning Commission, Government of India, and the Construction Industry. **There we no accidents during 2016-17 and no man days were lost on this account. As of 31st March, 2017, the Company had 32 million safe man hours.**

During the year, the Company also initiated a large scale intervention around building a customer centric design and execution organisation that would not only be geared for significant scale but also be able to reduce the project life cycle and costs through the use of standardized, productized and technology driven solutions.

Customer Relations

The Customer Relations (CR) function at Mahindra Lifespaces endeavours to service the customers through their entire lifecycle — right from the time of booking to post-handover facilitation. Over the last few years, **focus has been on building capabilities and driving excellence in CR to achieve differentiation and ability to handle scale. These efforts have enabled the Company to efficiently handover more than 2,250 residential units during 2016-17, which is around three times the number of units handed over in the previous year.**

Several measures were taken to strengthen capabilities and processes. The Company implemented the first stage of a tech-based CRM solution, aimed at enabling a single view of the customer right from the prospecting stage to post-handover. This has already brought about considerable simplification and standardisation of systems for front line executives. Interactive learning e-modules were also introduced, which are being used both for inducting new hires as well as upgrading knowledge and skills of existing team members.

With a considerable increase in handovers in the last couple of years, another area which saw a lot of effort was post-handover services and Facility Management (FM). During the year, the Company piloted its offering of post-possession value added services in two of its projects. These services covering design and fit-outs, lighting solutions and modular kitchens were well received by the customers. **These initiatives have resulted in significant improvement in the customer satisfaction and customer as promoter scores in 2016-17.** Going forward, the focus will be on offering a complete bouquet of value added services as well as enabling digital access through a mobile application.

At Mahindra World City, Chennai, the Company initiated bio-fuel based shuttle services and launched a mobile application for the citizens. Both the World Cities continued to focus on services excellence and customer feedback through 'Coalesce' — the customer connect forum at the operations level — as well as on community building through initiative such as 'Mindquest' and the Champions League.

Land and Financial Capital

The Company has followed an approach of acquiring residential land inventory to meet the targeted sales of the next 3 to 5 years. Barring three projects that are awaiting removal of restrictions relating to construction in Mumbai, all land parcels acquired by it prior to 2015-16, have since been launched for sale and construction. With the completion of some of its projects, the Company is focused on adding more projects in the markets identified by it for its growth. **Besides the traditional outreach channels, the Company has established direct engagement with banks and other financial institutions as well as existing developers to scale up its presence in this space through asset light models of land acquisition including joint developments and joint ventures.**

During the year, the Company completed the acquisition of 268 acres near Ahmedabad in Gujarat for the development of an industrial cluster.

The Company also focused on reducing its cost of capital by re-negotiating interest rates on existing loans and prudently using options like commercial paper. The average cost of debt for the Company together with all its subsidiaries (based on consolidated financials as per IND AS), was reduced from 10.32 per cent in 2015-16 to 9.85 per cent in 2016-17.

During the year, the Company completed the regulatory approval for a ` 300 crore rights issue to its shareholders. Since then, it has completed the entire process and issued the shares to the participating shareholders. In addition to its existing platform for residential developments, the

Company has also initiated dialogue with financial institutions for platforms in its other business segments.

Human Capital

Mahindra Lifespaces recognises that its people are the key to the success of the organisation and in meeting its growth objectives. During the year, the Company continued its efforts to strengthen its HR policies and processes to attract and retain the best talent in the industry. The Company also has relationships with specialised institutions in the construction industry such as National Institute of Construction Management and Research and RICS School of Built Environment for entry level positions in project management and sales.

Catering to the learning and development needs of its associates continues to be a key focus area. **The Company regularly carries out structured training initiatives in the key functional areas such as sales and marketing, customer service and project management to meet the requirements of its associates. Each associate of Mahindra Lifespaces received an average of 36 man hours of training in 2016-17.** During the year, the Company digitised induction training for the CR function. This will be extended to other functions such as sales and projects in the future.

The Company launched its skill up-gradation program for construction workers, **'PARIVARTAN', where enrolled candidates go through intensive classroom and on-the-job training followed by a comprehensive assessment leading up to certification by Central Skill Development Council of India (CSDCI).** This initiative, which is linked to the 'Skill India Initiative' of the government, will benefit not just the Company, but the entire real estate industry. **During 2016-17, 182 workers in different trades enrolled and attended this program across 3 projects, of which 92 were successfully certified.** The Company intends to extend this programme further in 2017-18.

As a part of its flagship programme 'My Customer, My Valentine', which aims to make the organisation more customer centric, several initiatives were carried out to engage associates and reward customer centric behaviour. **The Company carries out two associate engagement surveys every year, MCARES for internal benchmarking within the Mahindra Group and the Great Place to Work survey for external benchmarking. Both surveys showed improvement in engagement levels during 2016-17.**

Mahindra Lifespaces endeavours to keep its workplaces safe, transparent and friendly for people to work in. It also has a policy which is aligned to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. It has a 'Diversity Council' with the objective of creating an inclusive environment in the workplace. **Its gender diversity as of 31st March, 2017 was 19 per cent. Mahindra Lifespaces was selected by Working Mother and AVTAR as one of the "100 Best Companies for Women in India" in 2016.**

As of 31st March, 2017, the Company together with its subsidiaries had 413 associates on its rolls. In addition, the Company had 4,245 workmen across all its sites employed by its contractors. Associate relations remained cordial during the year.

Financials

Indian Accounting Standards (IND AS) is applicable to the Company for the period commencing 1st April, 2016 as per the limit prescribed for the networth under notification issued by the Ministry of Corporate Affairs. Following the adoption of IND AS, classification of subsidiary for consolidation of accounts is now based on control and not just shareholding. As a result, four entities — Mahindra World City (Jaipur) Limited (MWCJL), Mahindra World City Developers Limited (MWDCL), Mahindra Industrial Park Chennai Limited (MIPCL) and Mahindra Bebanco Developers Limited (MBDL) — which were formerly being consolidated, will be treated as JVs. As per IND AS, for all JVs, equity method of accounting is now applicable, whereby MLDL's share of profit in joint ventures is directly credited to profit and loss account instead of proportional line-by-line consolidation.

The results for 2015-16 are also IND AS compliant to facilitate comparison. Table 3 presents the abridged profit and loss statement of Mahindra Lifespace Developers Limited.

Table 3: Abridged Profit and Loss Statement

				(` lakh)
	Standalone		**Consolidated**	
	2016-17	2015-16	**2016-17**	2015-16
Operating Income	**68,055.38**	50,211.29	**76,214.77**	59,316.69
Other Income	**7,264.83**	9,943.02	**6,886.93**	9,400.62
Total Revenue	**75,320.21**	60,154.31	**83,101.70**	68,717.31
Project and Operating Expenses	**54,666.93**	34,736.08	**58,850.39**	40,138.14
Employee and Other Expenses	**9,966.81**	8,669.21	**12,331.18**	10,616.62
Financial Expenses	**3,196.94**	4,695.83	**2,020.84**	3,569.85
Depreciation	**434.32**	395.78	**462.18**	417.60
Total Expenditure	**68,265.00**	48,496.90	**73,664.59**	54,742.21

(` lakh)

	Standalone		Consolidated	
	2016-17	2015-16	**2016-17**	2015-16
PBDIT	**10,686.47**	16,749.02	**16,373.31**	17,739.75
PBDT	**7,489.53**	12,053.19	**14,352.47**	14,169.92
PBIT	**10,252.15**	16,353.24	**15,911.13**	17,322.17
Share in Net Profit/(Loss) of Associates	**–**	–	**4,453.18**	(222.78)
PBT	**7,055.21**	11,657.41	**13,890.29**	13,752.31
Tax	**2,161.56**	3,829.36	**3,301.22**	4,293.92
PAT	**4,893.65**	7,828.05	**10,589.07**	9,458.40
Minority Interest	**–**	–	**365.36**	288.08
PAT (After Minority Interest)	**4,893.65**	7,828.05	**10,223.71**	9,170.32
Other Comprehensive Income	**67.85**	66.66	**57.00**	65.00
Total Comprehensive Income	**4,961.50**	7,894.71	**10,280.71**	9,235.32
Diluted EPS (`)	**11.90**	19.01	**24.85**	22.28

Mahindra Lifespaces registered a creditable financial performance during 2016-17. Consolidated total revenue grew by 20.9 per cent, from ` 68,717.31 lakh in 2015-16 to ` 83,101.70 lakh in 2016-17. Total consolidated expenditure grew at 34.6 per cent during the period to ` 73,664.59 lakh in 2016-17. Most of this increase in expenditure was due to higher project and operating expenses which grew at 46.6 per cent. This was a direct result of higher project activity during the year. In contrast, employee and other costs grew at a more modest 16.2 per cent, and finance costs dropped sharply during the year. In fact, employee and finance related costs, taken together, remained stable during the year.

The performance also benefited from an improved contribution from the operating entities in the integrated cities and industrial cluster business. Profit before taxes (PBT) of the consolidated entity, after including share in profit from joint venture entities and associates, stood at ` 13,890.29 lakh in 2016-17 as compared to ` 13,752.32 lakh in 2015-16. After accounting for minority interest, the consolidated PAT of the Company was ` 10,223.71 lakh in 2016-17, a growth of 11.5 per cent over a consolidated PAT of ` 9170.32 lakh in the previous year. PBT of the standalone entity was ` 7055.21 lakh in 2016-17. Net profit (PAT) of the standalone entity was ` 4,893.65 lakh in 2016-17.

As a result, diluted EPS during the year was ` 24.85 and ` 11.90 for the consolidated and standalone entities respectively.

Under the IND AS, line-by-line consolidation is not being done for certain operating entities. Table 4 provides a summary of the financial performance of various legal entities operating in the two key businesses during 2016-17. The numbers stated in Table 4 are from standalone financials/accounts of these entities. Also, inter-company transactions have not been eliminated and a simple aggregation of numbers is shown as "Total" for entities engaged in the Residential and ICIC businesses. Hence, the "Total" of Revenues and PAT for the two businesses are indicative in nature.

Table 4: Summary of Financial Performance of Operating Entities (` lakh)

Legal/ Operating Entity	MLDL's Economic Interest (in Percent)	Total Income (Revenues)	Profit After Tax (PAT)
Residential			
MLDL	100.0	75,320.21	4,893.65
MHPL^	50.0	20,419.57	1,598.17
MBDL^	70.0	4,952.27	670.62
MITL	96.3	6,558.04	1,370.26
MRDL	96.3	1,315.20	-274.18
Total (Entities in Residential)		**108,565.29**	**8,258.52**
Industrial Cities & Clusters (ICIC)			
MWCDL^	89.0	6,093.47	-314.42
MWCJL^	74.0	17,527.86	4,505.49
MIPCL^	53.4	–	-208.99
Total (Entities in ICIC)		**23,621.33**	**3,982.08**
Share (percent)			
Residential	–	82.1	67.6

Legal/ Operating Entity	MLDL's Economic Interest (in Percent)	Total Income (Revenues)	Profit After Tax (PAT)
Industrial Cities & Clusters	–	17.9	32.4
Total		**100.0**	**100.0**

^ JVs and Associates as per IND AS.

As of 31st March, 2017, Mahindra Lifespaces' standalone debt equity ratio was at 0.38:1 and consolidated debt equity ratio (under IND AS based consolidation) was at 0.38:1. The liquidity situation during the year remained comfortable. Surplus funds generated during the year have been invested in credit worthy instruments, including money market instruments, mutual funds and deposits with banks.

Threats, Risks and Concerns

Mahindra Lifespaces has appropriate risk management systems in place for identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring and reporting. Mahindra Lifespaces has a Risk Management Committee consisting of two Directors and the Chief Financial Officer, for monitoring and reviewing of the risk assessment, mitigation and risk management plan from time to time. The Board reviews implementation and monitoring of the Company's risk management plan.

Economic Risks

GDP growth saw a moderate deceleration during the year as the economy adjusted to the demonetisation of large denomination currency notes in November, 2016. Even as the situation has since improved, business confidence and investments have not improved significantly. Lending rates for business and home loans still do not reflect the reduction in policy rates by the RBI. This can have a direct impact on the performance of the real estate sector and the Company. Besides, even as there are signs of revival in the advanced economies and large commodity exporter among engaging markets, investment outlays in Indian businesses, especially those in export oriented industries, has not seen a significant rebound.

Mahindra Lifespaces is conscious of these risks and is taking measures to mitigate them. For instance, the Company's focus on both residential and integrated developments has been a significant source of comfort during periods of slow economic performance. Besides, prudent financial management has also kept it relatively insulated from the economic downturn. The Company is well placed to raise capital at competitive rates.

Operational Risks

Key operational risks include longer gestation period for procurement of land, time taken for approvals, inability to sell the project as per plan, inability to complete and deliver projects according to the schedule leading to additional cost of construction and maintenance, erosion of brand value, appointment and retention of quality contractors, inability to attract and retain talent, slow customer satisfaction, fraud and unethical practices, failure to comply with laws and regulations leading to fines, penalties and lengthy litigations.

The Company addresses these issues through a well-structured framework which identifies the desired controls and assigns ownership to monitor and mitigate the risks. It has also invested significant resources in transparent customer friendly processes and an enabling IT infrastructure, which are expected to go a long way to address some of these risks. It also has a Code of Conduct for all its associates. The Company's corporate governance policies ensure transparency in operations, timely disclosures and adherence to regulatory compliances, leading to enhanced stakeholder value.

Policy and Regulatory Risks

The real estate industry is easily affected by changes in government policies and regulations. There are considerable procedural delays with respect to approvals related to acquisition and use of land. This problem is accentuated as this industry has been traditionally quite unorganised. Unfavourable changes in the government policies and the regulatory environment may adversely impact the performance of the Company.

The Company, with its approach towards acquisition of land based on thorough due diligence and its transparent processes in developing the projects, has effectively mitigated these risks. Besides, its focus on environment friendly and sustainable practices also helps in remaining compliant with the environmental regulations.

Internal Controls

The Company has adequate internal control systems, commensurate with the size and nature of its business. The system is supported by documented policies, guidelines and procedures to monitor business and operational performance including an ERP solution, all of which are aimed at ensuring business integrity and promoting operational efficiency.

An independent internal audit firm appointed by the Company conducts periodical audits to ensure adequacy of internal control systems, adherence to management policies and compliance with the laws and regulations of the country. Their scope of work also includes internal controls on accounting, efficiency and economy of operations. The internal auditors also report on the implementation of their recommendations.

Reports of the internal auditors are regularly reviewed at the Audit Committee meetings. The Audit Committee of the Board reviews the adequacy and effectiveness of the internal control systems and suggests improvements for strengthening them.

Outlook

The outlook for the world economy improved towards the end of 2016-17 — driven by stronger activity in most advanced economies and easing of recessionary conditions in large commodity-exporting emerging market economies. Despite slower growth in 2016-17 than the year earlier, India has performed better than its peers in the emerging markets over the last few years.

While there are still downside risks, the outlook for Indian economy has improved considerably. Proposals in the Union Budget are expected to stimulate capital expenditure and rural demand; and the step-up in government spend on physical infrastructure and housing is likely to benefit the real estate industry. In addition, policy breakthroughs such as Real Estate (Regulation and Development) Act (RERA) and structural reforms like the Goods and Services Tax (GST) should not only stimulate demand, but make the sector more efficient and organised.

The RERA seeks to improve transparency and accountability in the industry thereby protecting the rights of home buyers. The key provisions of the Act include registration of projects with requisite approvals in place before launch of any project, penalties for delayed delivery, 70 percent of collection from customers to be mandatorily set aside for use in the specific project, 5 years defect liability period etc.

Mahindra Lifespaces' believes that RERA will pave the way for a stronger and robust real estate sector in India by bringing in greater uniformity in the processes followed by developers and removing trust deficit between them and the buyers. The Company is already compliant on many aspects pertaining to RERA and its level of preparedness for adherence continues to be high. It also believes that RERA will throw up opportunities for investments in green field/brown field real estate projects.

As RERA shapes a new way forward for the Real Estate industry, the introduction of Goods and Services Tax (GST) will be a significant structural reform as it will subsume a myriad of indirect taxes, eliminate their cascading impact and harmonise tax rates across the country. The benefits of GST will not be limited to better tax administration and reduction in compliance costs. In the longer run, it is also expected to bring in considerable efficiencies and stimulate demand, resulting in higher economic growth and buoyancy in tax collections.

As far as the real estate sector is concerned, the introduction of GST is expected to bring in multiple benefits: seamless credit on all inputs; streamlining of a complicated web of taxes, authorities and jurisdictions under the current regime; and greater transparency in pricing for the consumers as well as establishing better audit trails and monitoring mechanisms from the point of view of investors.

Real estate is a capital-intensive sector. Mahindra Lifespaces has a strong balance sheet and has been able to raise capital at competitive terms even during challenging times. With its focus on execution, it has been successful in attracting equity participation in both residential and industrial projects, thereby increasing efficiency in the utilisation of its risk capital. As the economic environment improves further, Mahindra Lifespaces believes that it is well-positioned to benefit from the opportunities.

Cautionary Statement

Certain statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.

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 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, should be deemed to be or constitute advertisements, solicitations, marketing, offer for sale, invitation to offer, or invitation to acquire, including within the purview of the RERA.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PHILOSOPHY

Mahindra Lifespaces is committed to good corporate governance and endeavors to implement the Code of Corporate Governance in its true spirit. The philosophy of the Company in relation to corporate governance is to ensure transparency in all its operations, make disclosures and enhance stakeholder value without compromising in any way on compliance with the laws and regulations. The Company believes that good governance brings about sustained corporate growth and long-term benefits for all its stakeholders.

In India, corporate governance standards for listed companies are regulated by the Securities and Exchange Board of India (SEBI) through Regulation 15(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR") and provisions of the Companies Act, 2013 ("the Act"). As a Company which believes in implementing corporate governance practices in letter and in spirit, the Company has adopted practices mandated by the Act and SEBI LODR and has established procedures and systems to remain compliant with it. This report provides the Company's compliance with these provisions as on 31st March, 2017.

1. BOARD OF DIRECTORS

The Company has a Non-Executive Chairman and more than half of the total number of Directors comprises Independent Directors. The Management of the Company is entrusted in the hands of the Senior Management Personnel of the Company who are members of the Executive Council of the Company headed by the Managing Director & Chief Executive Officer, who operates under the overall guidance, supervision and control of the Board. The Board reviews and approves stakeholder's strategy and oversees the actions and results of the Management to ensure that the long-term objective of enhancing value is met. The Managing Director & Chief Executive Officer is an executive of the Company and draws remuneration from the Company. The Non-Executive Chairman and Independent Directors receive sitting fees for attending the meetings of the Board, the Committees (except Corporate Social Responsibility Committee) thereof and meetings of Independent Directors and would also be entitled to the commission under the Act. Mr. Arun Nanda, Non-Executive Chairman, who is also on the Board of Mahindra World City Developers Limited (MWCDL), receives sitting fees for attending the meetings of the Board and the Committees (except Corporate Social Responsibility Committee) of MWCDL and would be entitled to the commission under the Act, as may be approved by MWCDL. Mr. Sanjiv Kapoor, Independent Director who is also on the Boards of Mahindra World City Developers Limited and Mahindra Residential Developers Limited, receives sitting fees for attending the meeting of the Board and the Committees (except Corporate Social Responsibility Committee) of these companies and would be entitled to the commission under the Act, as may be approved by these companies. Dr. Anish Shah, Non-Executive Non-Independent Director is the Group President-Strategy at Mahindra and Mahindra Limited (M&M) and receives remuneration from M&M. Dr. Anish Shah does not receive any sitting fees or remuneration from the Company. Apart from the above and the reimbursement of expenses incurred in discharge of their duties, none of the Directors have any pecuniary relationships or transactions with the Company, its Holding company, Subsidiaries and Associate companies, their Promoters, Directors, Senior Management, which in their judgment would affect their independence. The Directors of the Company are not inter-se related to each other. The Board has adopted a Policy on appointment of Directors and Senior Management and Succession Planning for orderly succession to the Board and the Senior Management. The Senior Management has made disclosures to the Board confirming that there is no material, financial and/or commercial transactions between them and the Company, which could have potential conflict of interest with the Company at large.

a) Composition, Status, Attendance at the Board Meetings and at the last Annual General Meeting

As on 31st March, 2017, the Company's Board comprised seven members. The Chairman of the Board is a Non-Executive Non-Independent Director. The Managing Director & Chief Executive Officer is an Executive of the Company. One member of the Board is a Non-Executive Non-Independent Director and remaining four members are Non-Executive Independent Directors. The names and categories of Directors, their attendance at the Board Meetings held during the year and at the last Annual General Meeting are given below:

Name of the Director	DIN	Category	No. of Board Meetings		Attendance at the last AGM
			Held	Attended	
Mr. Arun Nanda, Chairman	00010029	Non-Executive Non-Independent	7	7	Yes
Mr. Sanjiv Kapoor	00004005	Non-Executive Independent	7	7	Yes
Mr. Shailesh Haribhakti	00007347	Non-Executive Independent	7	7	No
Dr. Prakash Hebalkar	00370499	Non-Executive Independent	7	7	Yes
Mr. Bharat Shah*	00136969	Non-Executive Independent	7	4	Not Applicable
Dr. Anish Shah	02719429	Non-Executive Non-Independent	7	6	Yes
Ms. Anita Arjundas, Managing Director & Chief Executive Officer	00243215	Executive	7	7	Yes

* Mr. Bharat Shah was appointed as an Additional Director in the category of Non-Executive Independent Director with effect from 1st August, 2016.

b) Details of Directorships/Committee Memberships as of 31st March, 2017

As mandated by the Act, none of the Directors is a director in more than ten Public Limited Companies. In terms of Regulation 25 of SEBI LODR, none of the Independent Directors of the Company is serving as an independent director in more than seven listed entities or serving as a whole time director in any listed entities. Further, in terms of Regulation 26 of SEBI LODR, none of the Directors is a member of more than ten committees or acting as a chairman of more than five committees across all listed entities in which they are Directors. The number of directorships and committee positions held by them in Public Companies are given below:

Name of the Director	Category	Directorship of Public Companies*	Membership in Committees of Public limited companies, whether listed or not**	Chairmanship in Committees of Public limited companies, whether listed or not**
Mr. Arun Nanda, Chairman	Non-Executive Non Independent	6	Nil	2
Mr. Sanjiv Kapoor	Non-Executive Independent	3	Nil	2
Mr. Shailesh Haribhakti	Non-Executive Independent	10	6	4
Dr. Prakash Hebalkar	Non-Executive Independent	1	2	NIL
Mr. Bharat Shah***	Non-Executive Independent	10	6	1
Dr. Anish Shah	Non-Executive Non-Independent	3	2	NIL
Ms. Anita Arjundas, Managing Director & Chief Executive Officer	Executive	10	1	1

* Including Directorship in Mahindra Lifespace Developers Limited as of 31st March, 2017 and includes Public companies whether listed or not and Private companies which are either holding or subsidiary of Public companies. Listed entity means an entity which has any of its securities listed on a recognized stock exchange(s).

** Committees considered are Audit Committee and Stakeholders Relationship Committee including that of Mahindra Lifespace Developers Limited. Committee Membership(s) and Chairmanship are counted separately.

*** Mr. Bharat Shah was appointed as an Additional Director in the category of Non - Executive Independent Director with effect from 1st August, 2016.

c) Number of Board Meetings

Seven Board meetings were held during the year i.e. from 1st April, 2016 to 31st March, 2017, on the following dates: 26th April, 2016; 10th June, 2016; 28th July, 2016; 27th October, 2016; 11th January, 2017; 30th January, 2017 and 24th March, 2017. The maximum gap between any two meetings did not exceed one hundred and twenty days.

d) Meeting of Independent Directors

Independent Directors of your Company meet without the presence of the Chairman, Managing Director, other Non-Independent Director, Chief Financial Officer and any other Management Personnel. This Meeting is conducted to enable the Independent Directors to, inter-alia, discuss matters pertaining to review of performance of Non-Independent Directors and the Board as a whole, review the performance of the Chairman of the Company (taking into account the views of the Executive and Non-Executive Directors), assess the quality, quantity and timeliness of flow of information between the Company Management and the Board, that is necessary for the Board to effectively and reasonably perform its duties.

During the year, one Meeting of Independent Directors was held on 24th March, 2017, and this meeting was attended by all Independent Directors.

e) Board Procedure

A detailed agenda folder is sent to each Director in advance of the meetings of Board and Committees. To enable the Board to discharge its responsibility effectively, the Managing Director & Chief Executive Officer of the Company briefs the Board at every meeting on the overall performance of the Company. A detailed report on operations is also presented at every Meeting of the Board. The Board also reviews strategy and business plans, annual operating and capital expenditure budgets, remuneration of Non-Executive Directors, compliance with Statutory/Regulatory requirements and review of major legal issues, adoption of quarterly/half-yearly/annual results, risk management policies, investors' grievances, borrowings and investments, issue of securities, use of capital issue proceeds, major accounting provisions and write-offs, corporate restructuring, minutes of meetings of the Audit Committee and other Committees of the Board, sustainability plan and its performance and CSR spends, CSR plan and its review, etc. The Board reviews the compliance certificate issued by the Managing Director & Chief Executive Officer regarding compliance with the requirements of various Statutes, Regulations and Rules applicable to the business of the Company.

2. DIRECTORS SEEKING APPOINTMENT/ REAPPOINTMENT

Pursuant to Section 152 of the Companies Act, 2013 (“the Act”), Mr. Arun Nanda retires by rotation at the forthcoming Annual General Meeting of the Company and being eligible has offered himself for re-appointment. Mr. Arun Nanda is not related to any of the Directors or Key Managerial Personnel of the Company.

The Board of Directors at its meeting held on 28th July, 2016, had appointed Mr. Bharat Shah as an Additional Director in the category of Non-Executive Independent Director with effect from 1st August, 2016. Pursuant to Section 161 of the Act and Article 128 of the Articles of Association of the Company, he holds office upto the date of forthcoming Annual General Meeting. Further, in terms of Sections 149 and 152 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014, it is proposed that Mr. Bharat Shah who meets the criteria of Independence, be appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of 5 (five) consecutive years commencing from 1st August, 2016.

The Board is of the view that Mr. Bharat Shah’s knowledge and experience will be of benefit and value to the Company. Mr. Bharat Shah is not related to any of the Directors or Key Managerial Personnel of the Company. Pursuant to Section 160 of the Act, the Company has received notice along with prescribed deposit proposing candidature of Mr. Bharat Shah as a Director of the Company. Accordingly, the resolution relating to appointment of Mr. Bharat Shah at Item No. 5 of the Notice as an Ordinary Resolution is recommended for approval of the Members.

All of the above Directors are not disqualified from being appointed/re-appointed as Directors by virtue of the provisions of Section 164 of the Act.

Brief resumes of Directors seeking appointment/ reappointment are given below:

Mr. Arun Nanda

Mr. Arun Nanda aged 68 holds a Degree in Law from the University of Calcutta and is a fellow member of the Institute of Chartered Accountants of India (FCA) and of the Institute of Company Secretaries of India (FCS).

He joined the Mahindra Group in 1973 and held several important positions within the Group over the 40 years. He was inducted to the Board of Mahindra and Mahindra Limited (M&M) in August, 1992 and resigned as an Executive Director in March, 2010 to focus on the social sector and create a favourable ecosystem for senior citizens. He was a non-executive director of M&M from April, 2010 to August, 2014.

He was a Member of the Task Force set up by the B20 on Anti-Corruption which presented the policy paper to President Mr. Sarkozy at the G20 Summit held in Cannes in November, 2011 and to President Mr. Putin in St. Petersburg in June, 2013. He was also a co-chair of CII National Committee on Tourism & Hospitality for 2016-17. He was the Chairman of CII Western Region Council for 2010-2011. He has also been appointed as the Chairman of CII National Committee on skill development for 2017-18.

Mr. Nanda was honoured with an award of “Chevalier de la Legion d’Honneur” (Knight of the National Order of the Legion of Honour) by the President of the French Republic, Mr. Nicolas Sarkozy in 2008.

Mr. Nanda is the recipient of the following awards:

1. “Real Estate Person of the Year Award from GIREM Leadership Awards in India in 2008.
2. “ICSI National Award” for Excellence in Corporate Governance for Mahindra & Mahindra as the best governed company in 2008.
3. “CA Business Achiever Award - Corporate” at The Institute of Chartered Accountants of India Award 2009.
4. “Lifetime Achievement Award” for his outstanding contribution to the Hospitality Industry and the Service Sector by the Golden Star Awards 2010.
5. “Aatithya Ratna Award” by the Business Hotels Network and Horwath HTL in 2014 for his contribution to the success of the Hospitality Industry.
6. “Lifetime Achievement Award” in December 2014 at the CNBC Awaaz Real Estate Awards for his relentless pursuit of excellence and dynamic leadership that steered the growth of Mahindra Lifespaces.
7. “Recognition of CAs in Social Service” for best work for Senior Citizens in August, 2015 from the Institute of Chartered Accounts of India.
8. “IFCA Award of Excellence” for outstanding contribution to the development of culinary profession and promotion of culinary art in India from Indian Federation of Culinary Association in September, 2015.
9. “Lifetime Achievement Award” in September, 2016 for exceptional contribution to India’s real estate sector from National Real Estate Development Council (NAREDCO).

   As on 31st March, 2017, Mr. Arun Nanda holds Directorships and Committee positions in the following companies:

Name of Company/ Trust	Designation	Name of Committee	Position held
Mahindra Lifespace Developers Limited	Chairman, Non–Executive Director	Stakeholders Relationship Committee	Chairman
		Loans and Investment Committee	Chairman
		Nomination and Remuneration Committee	Member
		Share Transfer and Allotment Committee	Member
		Committee for Large Format Developments	Member
		Committee for Residential Projects in Joint Venture	Member
		Qualified Institutional Placement Committee	Member
		Corporate Social Responsibility Committee	Chairman
		Rights Issue Committee	Chairman
Mahindra World City Developers Ltd.	Vice Chairman (Non-executive Director)	–	–
Mahindra World City (Jaipur) Ltd.	Non-executive Director	Capital Issue Committee	Member
		Loans and Investment Committee	Member
Mahindra Holidays & Resorts (India) Ltd.	Chairman, Non-Executive Director	Inventory Approval Committee	Chairman
		Strategy and Review Committee	Chairman
		Corporate Social Responsibility Committee	Chairman
		Nomination and Remuneration Committee	Member
		Stakeholders Relationship Committee	Chairman
		Loans and Investment Committee	Chairman
		Risk Management Committee	Member
		Committee of Directors-Investment	Chairman
		Investment Committee	Chairman

Name of Company/ Trust	Designation	Name of Committee	Position held
Multi Commodity Exchange of India Limited	Public Interest Director (Non-executive Director)	Nomination and Remuneration Committee	Member
		Corporate Social Responsibility Committee	Chairman
		Investment Committee	Member
		Independent Directors Committee	Member
		Membership Selection Committee	Chairman
Mahindra Holdings Limited	Non-Executive Director	Loans and Investment Committee	Member
Foreign Companies			
Holiday Club Resorts Oy, Finland	Chairman (Non-Executive Director)	–	–
HCR Management Oy, Finland	Non–Executive Director	–	–
Section 8 Company			
Indo-French Chamber of Commerce and Industry (Section 8 Private Company	–	–	Chairman Emeritus
Other Memberships			
Blossoming Hope	Managing Trustee	–	–
Adhata Trust	Managing Trustee	–	–
Integrity Action (Registered Charity Company in UK)	Trustee	–	–
I Hear Foundation	Trustee	–	–
Mahindra World School Educational Trust, Chennai	Trustee	–	–

Name of Company/ Trust	Designation	Name of Committee	Position held
HelpAge India	Member-Governing Board	–	–
Techno Serve India Center	Member-Advisory Board	–	–
Trinity College Dublin	Member-South Asia Board	–	–
3i Investment PLC	Advisor	–	–
M & M Benefit Trust	Trustee	–	–
M & M Fractional Entitlement Trust	Trustee	–	–
Tourism & Hospitality Skill Council	Chairman	–	–

As of 31st March, 2017, Mr. Arun Nanda, Director holds 131,064* equity shares of the Company.

* Out of 131,064 Equity Shares, 114 Equity Shares are held jointly with Ms. Neerja Nanda, being the second holder, 600 Equity Shares are held jointly with Ms. Neerja Nanda, being the first holder and Mr. Arun Nanda being the second holder and 350 Equity Shares are held jointly with Mr. Uday Nanda and Ms. Neerja Nanda, Mr.Arun Nanda being the third holder.

Details of stock options granted to Mr. Arun Nanda under Employee Stock Option Scheme 2006 and 2012 are given at point no. 6 of this report.

Mr. Bharat Shah

Mr. Bharat Shah, aged 70 years, was appointed as an Additional Director with effect from 1st August, 2016 in the category of Non-Executive Independent Director. He holds office upto the date of this Annual General Meeting. He has graduated from the University of Bombay with a Bachelor's of Science and has done higher national diploma in applied chemistry from Borough Polytechnic, London. He has over four decades of work experience and prior to joining the Company, he was associated with various Indian and multinational companies.

As on 31st March, 2017, Mr. Bharat Shah holds Directorships and Committee positions in the following companies:

Name of Company/ Trust	Designation	Name of Committee	Position held
Strides Shasun Limited	Non-Executive Independent Director	Audit Committee	Member
		Qualified Institutional Placement Committee	Member
		Allotment Committee	Member
3M India Limited	Chairman, Non-Executive Independent Director	Audit Committee	Member
		Stakeholders Relationship Committee	Chairman
		Corporate Social Responsibility Committee	Chairman
		Nomination and Remuneration Committee	Member
Exide Industries Limited	Chairman, Non-Executive Independent Director	Corporate Social Responsibility Committee	Chairman
Hexaware Technologies Limited	Non-Executive Independent Director	Nomination and Remuneration Committee	Member
		Corporate Social Responsibility Committee	Chairman
		Strategy and Risk Committee	Member
Salisbury Investments Private Limited	Non-Executive Independent Director	–	–
HDFC Securities Limited	Chairman, Non-Executive Independent Director	Nomination and Remuneration Committee	Member
		Capex Committee	Member
		Corporate Social Responsibility Committee	Member
IDFC Alternatives Limited	Non–Executive Independent Director	Audit Committee	Member
		Nomination and Remuneration Committee	Member
		Corporate Social Responsibility Committee	Member

Name of Company/ Trust	Designation	Name of Committee	Position held
AGS Transact Technologies Limited	Non-Executive Independent Director	Audit Committee	Member
		Nomination and Remuneration Committee	Chairman
		Corporate Social Responsibility Committee	Member
		Stakeholders Relationship Committee	Member
		Risk Management Committee	Member
India Transact Services Limited	Non-Executive Independent Director	Nomination and Remuneration Committee	Chairman
Faering Capital Trustee Company Private Limited	Non-Executive Independent Director	–	–
Tata Sky Limited	Non-Executive Independent Director	Audit Committee	Member
		Nomination and Remuneration Committee	Chairman
Mahindra Lifespace Developers Limited	Non-Executive Independent Director	Rights Issue Committee	Member
Amadeus Advisors Private Limited	Non-Executive Independent Director	–	–
Sterling Pharma Solutions Limited	Non-Executive Independent Director	–	–

Mr. Bharat Shah does not hold any Equity Shares in the Company.

3. FAMILIARISATION OF INDEPENDENT DIRECTORS

The details of familiarization program for Independent Directors have been disclosed on website of the Company and is available at the link: http://www.mahindralifespaces.com/investors/disclosures-sebi

4. CODES OF CONDUCT AND POLICIES

The Board of Directors of the Company has laid down two separate Codes of Conduct — one for Directors and another for Senior Management and Employees. It has also adopted Code for Independent Directors as per Schedule IV of the Act.

The Board, at its meeting held on 28th July, 2016, approved and adopted the revised Code of Conduct for Senior Management and Employees. The Code is made more user-friendly and easy to refer on an ongoing basis.

These codes are posted on the Company's website: http://www.mahindralifespaces.com/investors/disclosures-sebi

All Board Members including Independent Directors and Senior Management Personnel have affirmed compliance with the respective Codes of Conduct for the year under review. A declaration signed by Managing Director & Chief Executive Officer to this effect is annexed to this report.

In accordance with the requirement of SEBI LODR, the Company has formulated and adopted policy for determining material subsidiaries, policy on materiality of and dealing with related party transactions, policy for determining materiality for disclosures. These policies are posted on the Company's website at: http://www.mahindralifespaces.com/investors/disclosures-sebi

5. CEO /CFO CERTIFICATION

As required under Regulation 17(8) read with Part B of Schedule II of SEBI LODR, the Managing Director & Chief Executive Officer and the Chief Financial Officer of the Company have certified to the Board regarding the Financial Statements for the year ended on 31st March, 2017.

6. REMUNERATION PAID TO DIRECTORS

Remuneration Policy

The objective of the Remuneration Policy of the Company for Directors and Senior Management is to focus on enhancing the value of the Company by attracting and retaining Directors for achieving objectives of the Company and to place the Company in leading position. The Policy is guided by a reward framework and set of principles and objectives as more fully and particularly envisaged under Section 178 of the Act and principles pertaining to qualifications, positive attributes, integrity and independence of Directors, etc.

While reviewing the Company's remuneration policies and deciding on the remuneration for Directors, the Board and the Nomination and Remuneration Committee (NRC) considers the performance of the Company, the current trends in the industry, the qualifications of the appointee(s), their experience, past performance, responsibilities shouldered by them, the Statutory provisions and other relevant factors.

The Non-Executive Chairman and Independent Directors are paid sitting fees and reimbursement of expenses incurred in attending the Board meetings, Committee meetings and meeting of Independent Directors. The Directors have voluntarily waived sitting fees for attending Corporate Social Responsibility Committee meetings. The Board determines the remuneration, if any, of Non-Executive Directors, subject to requisite approvals, if any. At the 16th Annual General Meeting of the Company held on

31st July, 2015, the shareholders had approved the payment of commission, at a rate not exceeding one percent (1 percent) per annum or such percentage as may be specified by the Act from time to time in this regard, of annual net profit of the Company computed in accordance with the provisions of the Act or Rules framed thereunder from time to time, to such Directors of the Company (other than the Managing Director and/or Whole-time Director, Executive Directors and such of the remainder as may not desire to participate) but subject to such ceiling, if any, per annum, as the Board of Directors may from time to time fix in that behalf and the same to be divided amongst them in such manner as the Board may, from time to time, determine for each of the financial years commencing from 1st April, 2015. Accordingly, the Board of Directors at its meeting held on 22nd April, 2017 has approved payment of commission to Directors.

Performance Evaluation

Pursuant to the provisions of the Act and Part D of Schedule II of SEBI LODR, evaluation of every Director's performance was done by Nomination and Remuneration Committee. The performance evaluation of Non-Independent Directors and the Board as a whole, Committees thereof and Chairman of the Company was carried out by the Independent Directors. Evaluation of Independent Directors was carried out by the entire Board of Directors, excluding the Director being evaluated. Structured questionnaires, covering various aspects of the evaluation such as adequacy of the size and composition of the Board and Committees thereof with regard to skill, experience, independence, diversity, attendance and adequacy of time given by the Directors to discharge their duties, Corporate Governance practices, etc. were circulated to the Directors for the evaluation process. The Directors expressed their satisfaction with the evaluation process.

Criteria for making payments to Non-Executive Directors

The Non-Executive Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board/Committee meetings and commission as detailed hereunder:

i. A Non-Executive Director shall be entitled to receive sitting fees for each meeting of the Board, Committee of the Board (except Corporate Social Responsibility Committee) and meeting of Independent Directors attended by him of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014;

ii. A Non-Executive Director will also be entitled to receive commission on an annual basis of such sum as may be approved by the Board within the limits approved by the shareholders in accordance with Statutory provisions in this regard. The total commission payable to the Directors shall not exceed 1 percent of the net profit of the Company calculated in the prescribed manner. The Board in determining the quantum of commission payable to the Directors, takes into consideration the remuneration policy of the Company;

iii. The Board may approve a higher commission for the Chairman of the Board of Directors taking into consideration his overall responsibility;

iv. The Commission shall be payable on pro-rata basis to Directors who occupy office for part of the year and;

v. As per provisions of the Act, the Independent Directors are not entitled to fresh grant of any Stock Options.

Detailed information of Directors' remuneration for the year 2016-17 is set forth below:

(` in lakh)

Name of the Director	Status	Sitting Fees (Note a)	Commission (Note g)	Salary, Performance Pay and Perquisites	Aggregate of Company's contributions to Superannuation & Provident Fund	Total
Mr. Arun Nanda, Chairman	Non-Executive Non-Independent	9.15	42.00	Nil	Nil	51.15
Mr. Sanjiv Kapoor	Non-Executive Independent	11.60	9.00	Nil	Nil	20.60
Mr. Shailesh Haribhakti	Non-Executive Independent	11.60	9.00	Nil	Nil	20.60
Dr. Prakash Hebalkar	Non-Executive Independent	11.00	9.00	Nil	Nil	20.00

(` in lakh)

Name of the Director	Status	Sitting Fees (Note a)	Commission (Note g)	Salary, Performance Pay and Perquisites	Aggregate of Company's contributions to Superannuation & Provident Fund	Total
Mr. Bharat Shah*	Non-Executive Independent	5.30	6.00	Nil	Nil	11.30
Dr. Anish Shah	Non-Executive Non-Independent	NA	NA	NA	NA	NA
Ms. Anita Arjundas, (Note b)	Executive (Managing Director and Chief Executive Officer)	NA	NA	243.05	26.99	270.04

* Mr. Bharat Shah was appointed as an Additional Director in the category of Non-Executive Independent Director w.e.f. 1st August, 2016.

Notes:

a. Non-Executive Non-Independent Chairman and Non-Executive Independent Directors were paid sitting fees for attending meetings of Board, various committees and meeting of Independent Directors as under:

Meeting	Sitting Fees per meeting (`)
Board	100,000
Independent Directors Meeting (effective from 23rd March, 2016)	100,000
Share Transfer & Allotment Committee	5,000
Corporate Social Responsibility (CSR) Committee*	Nil
All other Committees	30,000

* The members of the CSR Committee have voluntarily waived their entitlement for sitting fees for attending meetings of the CSR Committee.

The Managing Director & CEO and Non-Executive Non-Independent Director (not being the Chairman) do not receive sitting fees for attending meetings of the Board/ Committees of the Board of Directors of the Company.

b. (i) Ms. Anita Arjundas, prior to her appointment as Managing Director & CEO in the Company, in her capacity as an employee of the Company, is in receipt of 50,000 Stock Options under Employee Stock Options Scheme-2006 (ESOS-2006) granted to her on 25th April, 2008, of which she has exercised 1,000 options. In her capacity as Managing Director & CEO, she is in receipt of 10,000 Stock Options under Employee Stock Options Scheme-2012 (ESOS-2012) granted on 4th August, 2012, of which she has exercised 7,000 options and will continue to hold balance options in terms of the Grant. She shall be eligible for additional Stock Options/Grants, as and when the event happens.

(ii) Salary to Ms. Anita Arjundas, Managing Director & CEO includes:

- Salary and allowances of ` 175.72 lakh
- Superannuation of ` 14.99 lakh
- Provident fund of ` 12.00 lakh
- Perquisites of ` 11.91 lakh
- Performance pay of ` 55.42 lakh

The nature of employment of Managing Director & CEO with the Company is contractual and can be terminated by giving three months' notice from either party. The contract does not provide for any severance fee.

c. The Company has not advanced any loan to any Director.

d. The Company has granted Stock Options under ESOS-2006 to the following Directors during the year 2008-09 and 2012-13.

Name of the Director	No. of Stock Options Granted on 25th April, 2008. (Exercise Price ` 428/– per Stock Option)	No. of Stock Options Granted on 25th April, 2008 which are vested but to be exercised on or before 24th April, 2017. (Exercise Price ` 428/– per Stock Option)	No. of Stock Options Granted on 4th August, 2012. (Exercise Price ` 325/– per Stock Option)	No. of Stock Options Granted on 4th August, 2012. which are vested but to be exercised on or before 3rd August, 2021. (Exercise Price `325/– per Stock Option)	No. of Stock Options Exercised as on 31st March, 2017*
Mr. Arun Nanda, Chairman	200,000	70,000	–	–	130,000
Mr. Sanjiv Kapoor	10,000	10,000	–	–	–
Mr. Shailesh Haribhakti	10,000	–	–	–	10,000
Dr. Prakash Hebalkar	–	–	10,000	5,000	5,000
Mr. Bharat Shah	–	–	–	–	–
Dr. Anish Shah	–	–	–	–	–
Ms. Anita Arjundas, Managing Director and Chief Executive Officer	50,000	49,000	–	–	1,000
Total	270,000	129,000	10,000	5,000	146,000

* As of 31st March, 2017, a total of 175,250 Stock Options have been exercised by the grantees, out of which 146,000 Stock Options have been exercised by the above Directors and 29,250 Stock Options have been exercised by other grantees under ESOS-2006.

e. **ESOS-2012:** As of 31st March, 2017, a total of 64,650 Stock Options have been exercised by the grantees at an exercise price of ` 10 per Stock Option, out of which 7,000 Stock Options have been exercised by Ms. Anita Arjundas, Managing Director & CEO and 57,650 Stock Options have been exercised by other grantees under ESOS-2012.

   Details of Vesting period is as below:

Year	Entitlement	Vesting Schedule
1	20 percent	12 months from the date of grant
2	20 percent	24 months from the date of grant
3	30 percent	36 months from the date of grant
4	30 percent	48 months from the date of grant

   The Options are to be exercised within a period of five years from the respective dates of vesting.

f. Besides Stock Options, in case of Managing Director & CEO, the performance pay in accordance with 'The Policy for Remuneration of the Directors' is the only component which is performance linked and variable. All other components are fixed.

g. In case of other Directors, Employee Stock Option and Commission are the only components of Remuneration that are performance linked and variable.

h. As per provisions of the Act and SEBI LODR, the Independent Directors are not entitled to fresh grant of any Stock Options.

Shares and Convertible Instruments held by Non-Executive Directors:

The details of the Stock Options granted to the Directors are given under Note (b)(i), (d) and (e) of the previous section on Remuneration Policy.

As on 31st March, 2017, the details of equity shares held by the Directors are as follows:

- The details of equity shares held by Mr. Arun Nanda have been given in earlier section of Directors seeking appointment/re-appointment of this Report.
- Dr. Prakash Hebalkar holds 5,000 equity shares jointly with Ms. Shailaja Prakash Hebalkar in the Company.
- Mr. Shailesh Haribhakti holds 5,000 equity shares in the Company.
- Dr. Anish Shah does not hold any equity shares in the Company either on his own or for any other person on a beneficial basis.
- Mr. Sanjiv Kapoor does not hold any equity shares in the Company either on his own or for any other person on a beneficial basis.
- Mr. Bharat Shah does not hold any equity shares in the Company either on his own or for any other person on a beneficial basis.

7. COMMITTEES OF THE BOARD

Audit Committee

As on 31st March, 2017, the Audit Committee of the Company comprises three Independent Directors, namely Mr. Sanjiv Kapoor, Mr. Shailesh Haribhakti and Dr. Prakash Hebalkar and one Non-Executive Non- Independent Director, Dr. Anish Shah. Mr. Sanjiv Kapoor is the Chairman of the Committee.

All members of the Audit Committee possess strong knowledge of accounting and financial management.

The terms of reference of the Committee pursuant to Section 177 of the Act, inter-alia, includes:

- Review and Monitor the auditor's independence, performance and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offers and related matters.

  The terms of reference of the Committee are also in accordance with the requirements of Regulation 18(3) read with Part C of Schedule II of SEBI LODR which, interalia, includes:

- Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of their fees. Approval of payment of fees to statutory auditors for any other services rendered by the Statutory Auditors;
- Evaluation of the internal control systems and risk management system with the management, Internal Auditors and Statutory Auditors;
- Review with the management, the annual financial statements and auditors report before submission to the Board for approval, with special emphasis on accounting policies and practices, compliance and other legal requirements concerning financial statements;
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Review of Management Discussion and Analysis of financial condition and results of the operations;
- Management letters/letters of internal control weakness issued by Statutory Auditors;
- Review of material Individual Transactions with related parties not in normal course of business or which are not on arm's length basis;
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate;
- Review of financial statements and investment of unlisted subsidiary companies.

During the year under review, 1st April, 2016 to 31st March, 2017, eight meetings of the committee were held on the following dates: 26th April, 2016; 10th June, 2016, 28th July, 2016; 9th September, 2016; 27th October, 2016; 11th January, 2017; 30th January, 2017; and 23rd March, 2017. The maximum gap between any two meetings did not exceed one hundred and twenty days. The details of attendance at the Audit Committee meetings held during the year are as under:

Name of the Director	Status	No. of Audit Committee Meetings	
		Held	Attended
Mr. Sanjiv Kapoor	Non-Executive Independent	8	8
Mr. Shailesh Haribhakti	Non-Executive Independent	8	8
Dr. Prakash Hebalkar	Non-Executive Independent	8	8
Dr. Anish Shah	Non-Executive Non-Independent	8	7

Mr. Sanjiv Kapoor, Chairman of the Audit Committee, was present at the Annual General Meeting of the Company held on 28th July, 2016. The Chairman of the Company, the Managing Director & CEO, Chief Financial Officer, the Internal Auditors and Statutory Auditors are invited to attend the Audit Committee Meetings. The Company Secretary is the Secretary to the Committee. The Company has established a vigil mechanism by adopting a Whistle Blower Policy for Stakeholders including Directors and employees and their representative bodies to report genuine concerns in the prescribed manner. The vigil mechanism is overseen by the Audit Committee and provides adequate safeguards against victimization of stakeholders including employees and Directors and their representative bodies. Whistle Blower Policy is a mechanism to address any complaint(s) related to fraudulent transactions or reporting intentional non-compliance with the Company's policies and procedures and any other questionable accounting/operational process followed. It provides a mechanism to approach the Chairman of Audit Committee or Chairman of the Company or the Corporate Governance Cell. During the year, no such incidence was reported and no personnel were denied access to the Chairman of the Audit Committee or Chairman of the Company or the Corporate Governance Cell. The Boards' Report also provides details on the Whistle Blower Policy of the Company and the Policy is available at web link: https://www.mahindralifespaces.com/media/1318/whistle-blower-policy.pdf

Stakeholders Relationship Committee

As on 31st March, 2017, the Stakeholders Relationship Committee of the Company comprises Non-Executive Non-Independent Director, Mr. Arun Nanda and Non-Executive Independent Director, Dr. Prakash Hebalkar. Mr. Arun Nanda is the Chairman of the Committee. Mr. Suhas Kulkarni, Senior Vice President – Legal & Company Secretary, is the Compliance Officer for the Committee. The Committee's objective is to attend to investors' complaints pertaining to transfers/transmission of shares, non-receipt of dividend/interest, and any other related matter. During the year under review, the Committee met twice on 26th April, 2016 and 10th June, 2016. Mr. Arun Nanda and Dr. Prakash Hebalkar attended the said meetings and the Annual General Meeting of the Company held on 28th July, 2016.

Status of Investors Complaints received during the period 1st April, 2016 to 31st March, 2017:

1	Number of complaints received from the investors comprising non-receipt of dividend, non-receipt of shares lodged for transfer, non-receipt of Annual Report, etc.	107
2	Number of complaints resolved	107
3	Complaints pending as at 31st March, 2017	0
4	Number of share transfers pending for approval as at 31st March, 2017	5

Nomination and Remuneration Committee

As on 31st March, 2017, the Nomination and Remuneration Committee of the Company comprises two Independent Directors, Mr. Sanjiv Kapoor and Mr. Shailesh Haribhakti and a Non-Executive Non-Independent Director, Mr. Arun Nanda, Mr. Sanjiv Kapoor is the Chairman of the Committee. The Board at its meeting held on 16th May, 2017, has nominated Dr. Anish Shah, a Non-executive Non-Independent Director on the Committee. During the year under review, 1st April, 2016 to 31st March, 2017, the Committee met four times on the following dates: 26th April, 2016; 10th June, 2016; 28th July, 2016 and 23rd March, 2017. All members of the Committee attended the meetings. Mr. Sanjiv Kapoor, Chairman of the Nomination and Remuneration Committee, was present at the Annual General Meeting of the Company held on 28th July, 2016.

The role of the Nomination and Remuneration Committee, inter-alia, includes:

- To consider appointment, re-appointment, determination of the fixation of the remuneration, revision in the remuneration payable to the Managing Director/Whole-Time Director of the Company from time to time;
- To formulate and administer the Employee Stock Option Scheme ("the Scheme");
- To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommending to the Board, a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees;
- To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal;
- Devising a policy on Board Diversity.
- To attend to such other matters and functions as may be prescribed from time to time;

Corporate Social Responsibility Committee

As on 31st March, 2017, the Committee comprises Non-Executive Non-Independent Director Mr. Arun Nanda, Independent Director, Mr. Shailesh Haribhakti and the Managing Director & CEO, Ms. Anita Arjundas. Mr. Arun Nanda is the Chairman of the Committee.

During the year under review, the Committee met four times on the following dates: 26th April, 2016; 28th July, 2016; 27th October, 2016 and 30th January, 2017. All members attended the meetings.

Loans & Investment Committee

As on 31st March, 2017, the Loans & Investment Committee of the Board of the Company comprises two Non-Executive Non-Independent Directors, Mr. Arun Nanda and Dr. Anish Shah and Non-executive Independent Director, Dr. Prakash Hebalkar.

The Committee's objective is to finalise within the parameters set by the Board, the terms on which the borrowings/ investments would be made by the Company from time to time.

Mr. Arun Nanda is the Chairman of the Committee.

Share Transfer and Allotment Committee (earlier known as Share Allotment Committee)

The Board at its meeting held on 31st July, 2014, changed the nomenclature of the existing "Share Allotment Committee" to "Share Transfer and Allotment Committee". The role of the Committee covers the following:

- to issue duplicate share certificates in lieu of original certificates, which are lost or misplaced against an Indemnity Bond;
- to issue duplicate share certificates in lieu of original certificates, which are lost or misplaced against an Indemnity Bond without insisting on an advertisement or notification being published in the newspaper/ Maharashtra Government Gazette, if the face value of shares involved is not more than ` 10,000 and the market value is not more than ` 5,00,000;
- to approve in physical mode transfers in excess of 5,000 equity shares per transfer;
- to approve transmission in physical mode of equity shares of a market value exceeding ` 5,00,000;
- to allot equity shares arising out of exercise of Stock Options pursuant to the Employee Stock Option Scheme - 2006 (ESOS- 2006) and Employee Stock Option Scheme - 2012 (ESOS - 2012), or any other Employee Stock Option Scheme that may be in vogue from time to time, and allot equity shares/preference shares/securities/convertible instruments as per the terms of any other issue of shares/securities/ convertible instruments as may be approved by the Board/shareholders from time to time.

  As on 31st March, 2017, the Committee comprises two Non-Executive Non-Independent Directors, Mr. Arun Nanda and Dr. Anish Shah and the Managing Director & CEO, Ms. Anita Arjundas.

During the year, the Committee also approved issue of duplicate share certificates cum transfer/transmission of shares through circular resolutions.

Committee for Residential Projects in Joint Venture

As on 31st March, 2017, the Committee for Residential Projects in Joint Venture comprises Non-Executive Non-Independent Director, Mr. Arun Nanda, Independent Director, Mr. Shailesh Haribhakti and the Managing Director & CEO, Ms. Anita Arjundas. The objective of the Committee is to evaluate business plans and investments in Residential projects to be undertaken in Joint Venture.

Committee for Large Format Developments

As on 31st March, 2017, the Committee for Large Format Developments comprises Non-Executive Non-Independent Director, Mr. Arun Nanda, Independent Director, Dr. Prakash Hebalkar and the Managing Director & CEO, Ms. Anita Arjundas. The objective of the Committee is to evaluate business plans and investments in large format development projects.

Qualified Institutional Placement (QIP) Committee

The Committee comprises Non-Executive Non-Independent Director, Mr. Arun Nanda, Independent Director, Mr. Shailesh Haribhakti and the Managing Director & CEO, Ms. Anita Arjundas. The objective of the Committee is to finalize the terms of issue of equity shares to Qualified Institutional Buyers, and to finalize and approve the Preliminary Placement Document/Placement Document, etc.

Risk Management Committee

The Company already has in place a procedure to inform the Board about the risk assessment and minimization procedures. Presently, in terms of Regulation 21 of the SEBI LODR, the requirement of Risk Management Committee is not applicable to your Company. However, the Board has constituted Risk Management Committee comprising Directors and Chief Financial Officer of the Company.

The Committee comprises Mr. Shailesh Haribhakti, Independent Director, Ms. Anita Arjundas, Managing Director & CEO and Mr. Jayantt Manmadkar, Chief Financial Officer of the Company. Mr. Shailesh Haribhakti is the Chairman of the Committee. The role of the Committee is to monitor and review the risk assessment, mitigation and risk management plan for the Company from time to time.

Rights Issue Committee

The Board at its Meeting held on 27th October, 2016, constituted a Rights Issue Committee. The Committee comprises Non-Executive Non-Independent Director, Mr. Arun Nanda, Non-executive Independent Director, Mr. Bharat Shah and Non-Executive Non-Independent Director Dr. Anish Shah. The role of the Rights Issue Committee, inter-alia, includes appointment of lead managers, legal advisors, registrars, bankers and other intermediaries, approve Draft Letter of Offer and Letter of Offer, Abridged Letter of Offer and Composite Application Form, etc, approve issue size, ratio entitlement, issue price, record date, issue opening and closing date, finalizing basis of allotment, allotment of shares, listing of shares, etc.

During the year under review, the Committee met once on 20th March, 2017.

8. GENERAL SHAREHOLDER INFORMATION

Eighteenth Annual General Meeting – Financial Year 2016-17

Day/Date: Tuesday, 25th July, 2017

Time: 3:00 p.m.

Venue: Y.B. Chavan Centre, General Jagannath

Bhosle Marg, Next to Sachivalaya

Gymkhana, Mumbai 400 021

Details of Annual/Extra-ordinary General Meetings held and Special Resolutions passed during past three years

Year	Date	Time	Venue	Special Resolutions passed
2014	15th AGM, 7th August, 2014	3:00 p.m	Y. B. Chavan Centre, General Jagannathrao Bhonsle Marg, Next to Sachivalaya Gymkhana, Mumbai - 400 021	• Appointment and Remuneration of Managing Director & CEO • Borrowing Limits under Section 180(1)(c) of Companies Act, 2013 • Maintenance of the Register of Members and related books at a place other than the Registered Office of the Company • Private Placement of Non-Convertible Debentures and /or other Debt Securities upto an aggregate amount of `750 crore
2015	16th AGM, 31st July, 2015	3:00 p.m	Walchand Hirachand Hall, 4th Floor, Indian Merchant Chamber Building, IMC Marg, Churchgate, Mumbai – 400020	• Appointment of Mr. Shailesh Haribhakti as an Independent Director • Appointment of Mr. Sanjiv Kapoor as an Independent Director • Appointment of Dr. Prakash Hebalkar as an Independent Director • Private placement of Non-Convertible Debentures and/or other Debt Securities upto aggregate of ` 750 crore. • Commission to Non-Executive Directors • Adoption of new set of Articles of Association • Material Related Party Transaction
2016	17th AGM, 28th July, 2016	3:00 p.m.	Y. B. Chavan Centre, General Jagannath Bhosle Marg, next to Sachivalaya Gymkhana, Mumbai 400 021	• Private Placement of Non-Convertible Debentures and/or other Debt Securities upto aggregate of ` 750 crore; • Maintenance of the Register of Members and Related Books at a Place other than the Registered Office of the Company; • Alteration of Articles of Association of the Company;

No Extra-Ordinary General Meeting (EGM) was held during last three years and no special resolution was passed in the previous year through Postal Ballot.

Dates of Book Closure

Saturday, 15th July, 2017 to Tuesday, 25th July, 2017 (both days inclusive)

Final Dividend Payment Date

Final Dividend, if declared, will be credited/dispatched between 26th July, 2017 to 29th July, 2017.

Financial Year

The financial year covers the period from 1st April to 31st March.

Financial reporting for 2017-18 (Tentative)

For Quarter ending– 30th June, 2017	By end of July, 2017
For Half Year ending – 30th September, 2017	By end of October, 2017
For Quarter ending – 31st December, 2017	By end of January, 2018
For year ending – 31st March, 2018	By end of April, 2018

Listing on Stock Exchanges

The equity shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited. The Secured Listed Rated Redeemable 10.78 percent YTM, Non-Convertible Debentures (NCDs) are listed on BSE Limited. Listing fees have been paid to the Stock Exchanges for the period up to 31st March, 2018.

The Company's Stock Exchange Codes and address:

Name and Address of the Stock Exchanges	Type of Security/Scrip Code	International Security Identification Number (ISIN)
BSE Limited Piroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001	Equity Shares: Scrip Code - 532313	INE813A01018
National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai 400 051	Equity Shares: Scrip Code - MAHLIFE	INE813A01018
BSE Limited Piroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001	Non-Convertible Debentures: Series III - Scrip Code: 949080 Scrip ID: 8MLDL2018C	Non-Convertible Debentures: Series III – INE813A07031

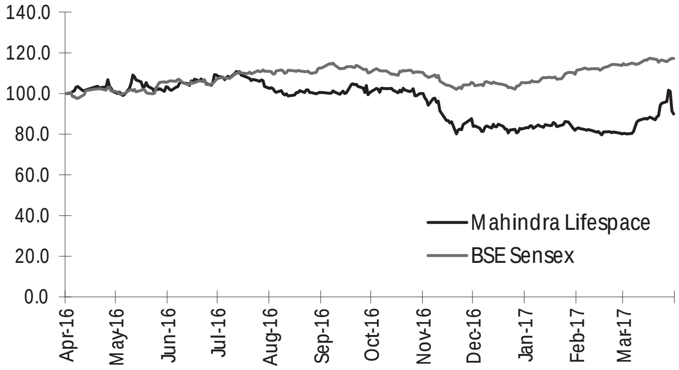
BSE and NSE – Monthly High/Low and Volumes

Year	Month	BSE			NSE		
		High (`)	Low (`)	Monthly Volume	High (`)	Low (`)	Monthly Volume
2016	April	495.85	422.00	91,679	495.00	421.20	727,147
2016	May	476.70	424.00	52,409	477.95	423.25	328,738
2016	June	474.80	435.00	137,747	475.00	423.45	197,653
2016	July	483.10	443.00	66,766	483.00	443.00	362,976
2016	August	451.25	422.50	48,872	453.75	422.35	229,770
2016	September	470.00	425.10	43,336	464.50	420.40	250,485
2016	October	465.80	421.05	91,167	466.45	417.00	553,991
2016	November	434.90	343.30	528,622	434.55	343.50	669,138
2016	December	376.00	344.00	54,402	378.00	344.00	155,465
2017	January	375.00	349.55	106,611	375.30	349.05	568,197
2017	February	369.00	342.00	214,748	368.00	341.15	1,632,180
2017	March	454.40	342.05	1,375,905	455.05	343.55	4,105,046

Performance in comparison to BSE – Sensex, NSE Nifty, BSE 500 Index and BSE Realty Index

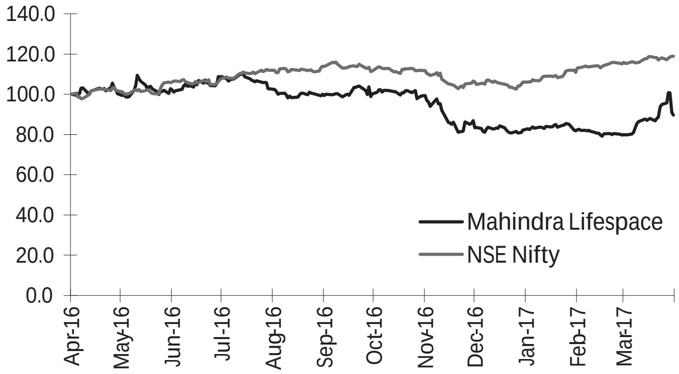
Year	Month	Closing Price on Last Trading Day of the Month				
		MLDL at BSE	BSE Sensex	NSE Nifty	BSE 500	BSE Realty
2016	April	434.80	25,606.62	7,849.80	10,406.12	1,356.71
2016	May	444.60	26,667.96	8,160.10	10,761.49	1,421.08
2016	June	470.05	26,999.72	8,287.75	11,029.45	1,532.82
2016	July	444.85	28,051.86	8,638.50	11,585.96	1,607.07
2016	August	432.80	28,452.17	8,786.20	11,834.89	1,542.10
2016	September	432.25	27,865.96	8,611.15	11,700.65	1,512.19
2016	October	430.35	27,930.21	8,625.70	11,878.89	1,556.14
2016	November	377.00	26,652.81	8,224.50	11,195.09	1,281.82
2016	December	354.95	26,626.46	8,185.80	11,036.44	1,263.94
2017	January	352.50	27,655.96	8,561.30	11,659.94	1,369.73
2017	February	344.65	28,743.32	8,879.60	12,176.95	1,495.06
2017	March	387.05	29,620.50	9,173.75	12,631.90	1,599.97

Chart A: Mahindra Lifespaces' Share Performance versus BSE Sensex



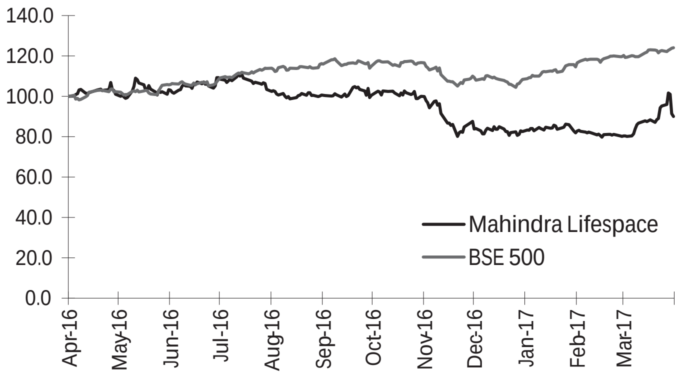
Note: Share price of Mahindra Lifespaces and BSE Sensex have been indexed to 100 on 1st April, 2016

Chart B: Mahindra Lifespaces' Share Performance versus NSE Nifty



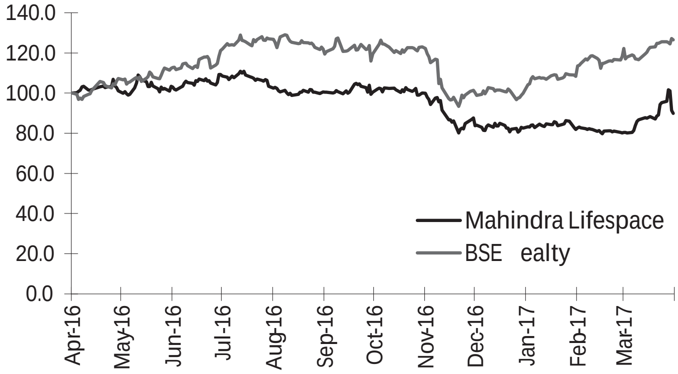
Note: Share price of Mahindra Lifespaces and NSE NIFTY have been indexed to 100 on 1st April, 2016

Chart C: Mahindra Lifespaces' Share Performance versus BSE 500



Note: Share price of Mahindra Lifespaces and BSE 500 have been indexed to 100 on 1st April, 2016

Chart D: Mahindra Lifespaces' Share Performance versus BSE Realty



Note: Share price of Mahindra Lifespaces and BSE Realty have been indexed to 100 on 1st April, 2016

Registrar and Share Transfer Agents

Karvy Computershare Private Limited

Corporate Office:

Karvy Selenium, Tower

B, Plot Nos. 31-32,

Gachibowli, Financial District,

Nanakramguda, Hyderabad 500 032.

Tel: 91 40-67162222

Email Id: einward.ris@karvy.com

Website: www.karvycomputershare.com

Investor Relation Centre:

Karvy Computershare Private Limited

24 B, Rajabahadur Mansion,

Ground Floor, Ambalal Doshi

Marg Fort, Mumbai – 400 023

Tel: 022-66235454/412/427

Debenture Trustees:

Axis Trustees Services Limited,

Axis House, 2nd Floor Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai 400 025
Phone: 022 -24252525

Share Transfer System

Shares sent for transfer in physical form are registered and returned within a period of fifteen days from the date of receipt of documents, provided the documents are valid and complete in all respect. With a view to expedite the process of share transfers, Ms. Anita Arjundas, Managing Director & CEO, Mr. Suhas Kulkarni, Senior Vice President - Legal & Company Secretary and Ms. Arti Shinde, Deputy General Manager - Secretarial & Legal have been severally authorised by the Board to approve the transfer of shares in physical form, not exceeding 5,000 equity shares per transfer, provided that, the transferee does not hold 1,00,000 or more equity shares. As of date, there are no pending share transfers pertaining to the year under review.

Distribution of Shareholding as on 31st March, 2017

No. of Equity Shares	No. of Shareholders	percent of Shareholders	No. of Shares Held	percent of Shareholding
1-100	58,381	89.24	1,358,484	3.31
101-200	3,226	4.93	487,541	1.19
201-300	1,181	1.81	303,151	0.74
301-400	563	0.86	202,932	0.49
401-500	548	0.84	261,403	0.64
501-1000	790	1.21	604,614	1.47
1001-2000	346	0.53	500,038	1.22
2001-3000	108	0.17	273,383	0.67
3001-4000	60	0.09	213,929	0.52
4001-5000	43	0.07	204,879	0.50
5001-10000	76	0.12	561,992	1.37
10001 & above	98	0.15	36,081,204	87.89
Total	**65,420**	**100.00**	**41,053,550**	**100.00**

Shareholding Pattern

Category	As on 31st March, 2017		As on 31st March, 2016	
	No. of Equity Shares Held	percent of Shareholding	No. of Equity Shares Held	percent of Shareholding
Promoter's and Promoter Group	20,846,126	50.78	20,846,126	50.80
Insurance Companies, Banks and Financial Institutions	13,567	0.03	21,746	0.05
UTI and Mutual Funds	912,235	2.22	485,086	1.17
FIIs	9,944,506	24.22	10,613,809	25.87
NRIs/OCB	329,835	0.80	520,541	1.27
Bank of New York Mellon (for GDR Holders)	44,770	0.11	44,770	0.11
Domestic Companies	2,800,460	6.82	2,623,813	6.40
Trust	9,663	0.02	11,975	0.03
Resident Individuals	5,650,735	13.76	5,865,284	14.30
Others – Clearing members	59,139	0.14	–	–
Others HUF	442,514	1.08	–	–
Total	**41,053,550**	**100.00**	**41,033,150**	**100.00**

Dematerialisation of Shares

As of 31st March, 2017, 4,04,73,175 shares (98.59 percent) of total paid-up equity capital were held in electronic form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Company's equity shares are traded in the electronic form. Requests for dematerialisation of shares are generally processed and confirmed within 7 days.

Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity

As of 31st March, 2017, outstanding GDR's represent 44,770 equity shares. Since the underlying equity shares represented by GDRs have been allotted in full, the outstanding GDRs have no impact on the equity share capital of the Company.

Mahindra Lifespace Developers Limited - Unclaimed

Suspense Account

The unclaimed/undelivered shares lying in the possession of the Company are required to be dematerialized and transferred into a "Unclaimed Suspense Account" held by the Company. The Company had sent three reminder letters to such shareholders whose share certificates returned undelivered and hence remained unclaimed, by requesting them to update correct details viz. postal addresses, PAN details, etc. registered with the Company to avoid transfer of such unclaimed shares to the "Unclaimed Suspense Account." The Company has in March, 2014 transferred 49,854 such unclaimed shares to the "Mahindra Lifespace Developers Limited – Unclaimed Suspense Account". Any corporate benefits in terms of securities accruing on such shares viz. bonus shares, split, etc., are being and will be credited to such Demat Suspense Account. The Suspense Account is held by the Company on behalf of the allottees who are entitled for the shares and the shares held in such Suspense Account shall not be transferred in any manner whatsoever except for the purpose of delivering the shares as and when the shareholders approach the Company. The voting rights on such shares shall remain frozen as long as such shares remain in the Suspense Account. As and when the allottee approaches the Company, the Company credits the shares lying in the Suspense Account to the demat account of the allottee to the extent of the allottee's entitlement, after proper verification of the identity of the allottee.

Details as of 31st March, 2017:

1	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year (Shares being credited to the Suspense Account);	Number of shareholders: 3,140 Outstanding shares: 49,204
2	Number of shareholders who approached the issuer for transfer of shares from suspense account during the year;	No. of requests: 5 No. of shares: 113
3	Number of shareholders to whom shares were transferred from suspense account during the year;	No. of transfer : 5 No. of shares: 113
4	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year (shares being credited to the Suspense Account);	Number of shareholders: 3,135 Outstanding shares: 49,091

Offices of the Company

Registered Office & Corporate Office

Mahindra Lifespace Developers Limited

CIN: L45200MH1999PLC118949

5th Floor, Mahindra Towers, Worli, Mumbai 400 018

Tel: 022- 67478600/67478601

Mumbai Offices

- Chemtex House, Ground Floor, Hiranandani Gardens, Powai, Mumbai 400 076

  Tel: 022- 66793191/66793190
- Dev Corpora, Office No. 1304, 13th Floor, Shree Ganesh Mandir Marg, Cadbury Junction, Eastern Express Highway, Thane West – 400601

NCR Offices

- Mahindra Towers, 2A, Bhikaiji Cama Place, New Delhi 110 066 Tel: 011-26173787/26194977
- Gurgaon office: Khasra No. 12/19/2, 21/2 22/2 18/6 At Village Behrampur, Sector 59 Gurgaon, Haryana 122 001

Chennai Offices

- Administrative Block, Central Avenue, Mahindra World City, Natham Sub P.O., Chengalpet, Kancheepuram 603 002, Tamil Nadu Tel: 044- 4940 0000
- The Canopy, I Floor, Unit. No-II, Mahindra World City, Special Economic Zone, Natham Sub P.O., Near Paranur Rly Station, Chengelpet 603 002, Tamil Nadu Tel: 044- 4940 0050

Pune Office

CTS 6017, Pimpri-Nehru Nagar Road, Next to Dr. Beck Company, Pimpri, Pune 411 018, Maharashtra
Tel: 020-65103374

Hyderabad Office

Survey No. 78/2 & 78/3 Next to Indu Fortune Fields, Kukatpally, Hyderabad 500 072 Tel: 040 - 64600944

Bengaluru Office

37/2A, Opp. to BPL Software Bannerghatta Road, Arakere Village, Bengaluru 560 076

Dubai Representative Office

M-1C, Mezzanine Floor, Sultan Business Centre, Next to Lamcy Plaza, P.O. Box 119373, Oud Metha, Dubai.

Shareholders may correspond with the Company at its Registered Office and /or with the Registrars and Share Transfer Agent, Karvy Computershare Private Limited at 24 B, Rajabahadur Mansion, Ground Floor, Ambalal Doshi Marg, Fort, Mumbai 400 023. Tel: 022-66235454/412/427 Email Id: einward.ris@karvy.com.

Compliance Officer

Mr. Suhas Kulkarni, Company Secretary

Mahindra Lifespace Developers Limited

5th Floor, Mahindra Towers,

Worli, Mumbai 400 018

Tel: 022-67478600/67478601

Fax: 022-24975084

E-mail: kulkarni.suhas2@mahindra.com

Company's investor email ID

investor.mldl@mahindra.com

Company's website

www.mahindralifespaces.com

10. DISCLOSURE OF ACCOUNTING TREATMENT

The standalone and consolidated financial statements for 2016-17 have been prepared in accordance with applicable Indian Accounting Standards (INDAS) issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 2013 and the Rules framed thereunder and the corresponding figures for the previous year have been restated as per INDAS for the purpose of comparison.

11. RELATED PARTY TRANSACTIONS

The Company has formulated a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions. The policy has been uploaded on the website of the Company and is available at the link: https://www.mahindralifespaces.com/media/1322/policy-on-materiality-of-and-dealing-with-related-party-transactions.pdf

All related party transactions are entered into with prior approval of the Audit Committee. During 2016-17, there were no materially significant related party transactions entered between the Company and its Promoters, Directors or Key Managerial Personnel, Senior Management, or their relatives, subsidiaries, etc. that may have potential conflict with the interests of the Company at large. Details of Related Party transactions are presented in Note No. 36 to Annual Accounts. Details of material related party transaction on arm's length basis are disclosed in Form AOC-2 marked as Annexure 7 to the Board's Report.

12. COMPLIANCE WITH MANDATORY REQUIREMENTS

As of 31st March, 2017, the Company was fully compliant with all applicable mandatory requirements of the provisions of SEBI LODR.

13. NON-MANDATORY REQUIREMENTS

The status of compliance with non-mandatory recommendations of Part E of Schedule II of SEBI LODR is provided below:

- Non-Executive Chairman's Office: The Company at its expense partially maintains office of the Non-Executive Chairman of the Company and reimburses expenses incurred in performance of his duties.
- Shareholders' Rights: As the quarterly, half yearly, financial performance and summary of significant events in last six-months are published in the newspapers and are also posted on the Company's website, the same are not mailed to the shareholders.
- Audit Qualifications: The Company's financial statement for 2016-17 does not contain any audit qualification.
- Separate posts of Chairman and CEO: The Chairman of the Board is a Non-Executive Director and his position is separate from that of the Managing Director & CEO.
- Reporting of Internal Auditor: The Internal Auditor reports to the Audit Committee.

14. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report (MDA) has been attached to the Board's Report and forms part of this Annual Report.

15. OTHER DISCLOSURES

Details of Non-compliance relating to Capital Markets during the past 3 years:

The Company has complied with all requirements of Regulatory Authorities. No penalties/strictures were imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority on any matter related to capital market since the listing of the Company's equity shares. The Company has also complied with the requirements of Corporate Governance Report of sub paras (2) to (10) mentioned in Para C of Schedule V of SEBI LODR and disclosed necessary information as specified in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) of SEBI LODR at the respective places in this report.

Code for Prevention of Insider Trading Practices

In compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Company has, on 30th April, 2014 approved the "Code for Prohibition of Insider Trading and to regulate, monitor and report trading by Insiders and designated persons" and "Code for Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI)" ("these Codes") which are effective from 15th May, 2015. The Code for Prohibition of Insider Trading and to regulate, monitor and report trading by Insiders and designated persons was further modified to align with the amendments/ clarifications to the Regulations. These Codes lays down guidelines and procedures to be followed and disclosures to be made while dealing with shares of the Company and caution about the consequences of violations. These Codes have been formulated to regulate, monitor and ensure reporting of trading by the Employees and Connected Persons designated on the basis of their functional roles in the Company towards achieving compliance with the Regulations and is designed to maintain the highest ethical standards of trading in Securities of the Company by persons to whom it is applicable.

Risk Assessment and Minimization

The Company has appropriate risk management systems in place for identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring and reporting. Presently, in terms of Regulation 21 of SEBI LODR, the requirement of Risk Management Committee is not applicable to your Company. However, the Board has constituted Risk Management Committee comprising of two Directors and the Chief Financial Officer, for monitoring and reviewing risk assessment, mitigation and risk management plan from time to time. The Board periodically reviews implementation and monitoring of the risk management plan for the Company.

Foreign Exchange

In compliance with the Reserve Bank of India guidelines, the Company proactively manages foreign exchange risk to protect value of exposures, if any, with an objective to manage financial statement volatility. Currently, the Company is only an importer and has in place appropriate risk hedging strategy. Foreign exchange exposures are periodically reviewed and if necessary, hedged while avoiding trading and speculative positions. The Board periodically reviews foreign exchange exposure, if any, and hedges undertaken by the Company.

Material Non-Listed Subsidiary Company

The Company has formulated a "Policy for determining Material Subsidiaries" and such policy is uploaded on the Company's website and a web link for the same is: https://www.mahindralifespaces.com/media/1323/policy-for-determining-material-subsidiaries.pdf

Till 31st March, 2017, Mahindra World City Developers Limited was a material non-listed subsidiary company under Regulation 16(c) of SEBI LODR read with the Company's 'Policy for determining material subsidiaries'. Effective 1st April, 2017, Mahindra World City (Jaipur) Limited is a 'material non-listed subsidiary company' in terms of Regulation 16(c) of SEBI LODR read with the Company's 'Policy for determining material subsidiaries'

The Audit Committee of the Company periodically reviews the financial statements of subsidiary companies and in particular, the investments made by the unlisted subsidiary company. The management periodically brings to the attention of the Board of Directors of the Company, a statement of all significant transactions and arrangements, if any, entered into by the unlisted subsidiary company.

Means of Communication

During the financial year 2016-17, the quarterly, half-yearly and yearly results were published in the Economics Times and Maharashtra Times within prescribed timelines. The Company also informs stock exchanges in a prompt manner, about all price sensitive information or such other matters which in its opinion, are material and relevant to the shareholders and subsequently issues a press release on the said matters.

Further, the Company has also been complying with the listing requirement for filing of its financial results with Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The Company's results, earnings call transcripts, corporate and investor presentations, news and press releases are displayed on the Company's website www.mahindralifespaces.com.

Declaration on Codes of Conduct

As required by Regulation 34(3) read with Schedule V(D) of SEBI LODR, the Declaration on Codes of Conduct is given below:

To,

The Members

Mahindra Lifespace Developers Limited

I, Anita Arjundas, Managing Director & CEO of the Company declare that all Board Members and Senior Management Personnel of the Company have affirmed compliance with the Codes of Conduct for Board of Directors and Senior Management.

For and on behalf of the Board,
For **Mahindra Lifespace Developers Limited**

Anita Arjundas
Managing Director & Chief Executive Officer
(DIN: 00243215)

Mumbai, 16th May, 2017

Auditor's Certificate on Corporate Governance

To
The Members of
Mahindra Lifespace Developers Limited

We have examined the compliance of conditions of Corporate Governance by Mahindra Lifespace Developers Limited ("the Company") for the financial year ended on 31st March, 2017 as stipulated in Regulation 17 to 27, 46 (2) (b) to (i) and para C, D and E of Schedule V of Chapter IV of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR") [collectively referred to as the "Corporate Governance Requirements"].

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above referred Corporate Governance Requirements.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration Number 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Mumbai, 16th May, 2017

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MAHINDRA LIFESPACE DEVELOPERS LIMITED

Report on the Ind AS Financial Statements

1. We have audited the accompanying standalone Ind AS financial statements of MAHINDRA LIFESPACE DEVELOPERS LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March 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 then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these 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 standalone 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 standalone 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 31st March, 2017, and its profit and cash flows for the year ended on that date.

Other Matters

10. 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 prepared in accordance with Ind AS included in these Ind AS financial statements have been audited by us. The report on the comparative financial information and the opening balance sheet, dated June 6, 2016 expressed an unmodified opinion.

Report on other Legal and Regulatory Requirements

11. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A a statement on the matters specified in the paragraphs 3 and 4 of the Order.

12. **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, 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 Ind AS 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 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 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 our 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.

   ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any on long-term contracts. The Company did not have any derivative contracts.

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and protection Fund by the Company.

   iv. The Company has provided requisite disclosures in its 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 & Co.**
Chartered Accountants
Firm's Registration No. : 105102W

Padmini Khare Kaicker
Partner
Membership No. : 44784

Place: Mumbai
Dated: 22nd April, 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT
Referred to in paragraph 9 of our report of even date on the accounts of Members of Mahindra Lifespace Developers Limited for the year ended 31st March, 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 title deeds of immovable properties are held in the name of the Company.

2) i) The management has conducted physical verification of inventory at reasonable intervals during the year.

ii) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

iii) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

3) According to the information and explanations given to us the Company has granted unsecured loans, to companies covered in the register maintained under section 189 of the Companies Act, 2013 at 31st March, 2017.

i) The terms and conditions of the grant of such loans are not prejudicial to the company's interest

ii) The above mentioned loans are given for tenure of 5 years repayable on 31st March, 2019 with certain repayment options available to the parties. These options have not been exercised by the parties upto 31st March, 2017. There are no specific terms mentioned for payment of interest.

iii) In view of above, there is no overdue of principal and interest in respect of such loans.

4) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of section 73 to 76 of the Companies Act, 2013, and the rules framed thereunder.

6) As informed to us, the maintenance of cost records has been prescribed by the Central Government under section 148(1) of the Companies Act, 2013, in respect of the activities carried on by the Company. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.

7) i) According to the records of the Company, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Value Added Tax, and other statutory dues applicable to it. The provisions of Excise Duty are not applicable to the operations of the Company.

ii) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty and Value Added Tax that were outstanding, at the year end for a period of more than six months from the date they became payable.

iii) According to the information and explanations given to us, dues of income-tax, sales tax, service tax, customs duty and work contract tax:

Sr No	Assessment Year	Nature of Dues	Amount ` in lakh	Forum where case is pending
1	2011-12	Income Tax	62.17	Commissioner of Income Tax (Appeals)
2	2006-07	Service Tax	67.70	Chennai III Comm.

8) The Company has not defaulted in repayment of loans or borrowings to a financial institution, bank, Government or repayment of dues to debenture holders.

9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and the term loans were applied for the purposes for which those are raised.

10) Based on the audit procedures performed and as per the information and explanations given to us by management, no fraud on or by the Company has been noticed or reported during the year.

11) Managerial remuneration paid is in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

12) The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.

13) According to the information and explanations given to us all transactions with related parties during the year are in compliance with sections 177 and 188 of Companies Act, 2013 and the details of the same have been disclosed

in the financial statements as required by the applicable accounting standards.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence provisions of para 3(xiv) of the Order are not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence provisions of para 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.: 105102W

Padmini Khare Kaicker
Partner
Membership No.: 44784

Place: Mumbai
Dated: 22nd April, 2017

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT
of Even Date on the Standalone Financial Statements of Mahindra Lifespace Developers Limited

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

We have audited the internal financial controls over financial reporting of Mahindra Lifespace Developers Limited ("the Company") as of 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 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

Padmini Khare Kaicker
Partner
Membership No. : 44784

Place: Mumbai
Dated: 22nd April, 2017

BALANCE SHEET AS AT 31ST MARCH, 2017

All amounts are in ` lakh 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	4	**827.39**	941.40	1,004.05
	(b) Capital Work-in-Progress		**846.68**	70.21	–
	(c) Investment Property	5	**2,345.23**	2,373.51	2,401.78
	(d) Intangible Assets	6	**60.09**	–	–
	(e) Financial Assets				
	(i) Investments	7	**65,829.18**	57,506.14	57,339.78
	(ii) Loans	8	**1,764.58**	3,681.56	25,631.56
	(iii) Other Financial Assets	9	**20.52**	75.66	111.15
	(f) Non Current Tax Assets		**1,007.05**	2,200.79	1,730.65
	SUB-TOTAL		**72,700.72**	66,849.27	88,218.97
	2 Current Assets				
	(a) Inventories	10	**87,925.27**	109,605.51	80,064.46
	(b) Financial Assets				
	(i) Investments	7	**14,563.37**	20,114.76	–
	(ii) Trade Receivables	11	**5,929.69**	5,095.98	1,552.42
	(iii) Cash and Cash Equivalents	12	**4,616.91**	13,795.49	3,391.46
	(iv) Bank balances other than (iii) above	12	**652.98**	783.19	773.81
	(v) Loans	8	**24,453.20**	21,084.63	28,411.74
	(vi) Other Financial Assets	9	**12,315.73**	7,702.59	11,731.27
	(c) Other Current Assets	13	**22,906.92**	14,380.22	10,812.93
	SUB-TOTAL		**173,364.07**	192,562.37	136,738.09
	TOTAL		**246,064.79**	259,411.64	224,957.06
II	**EQUITY AND LIABILITIES**				
	1 EQUITY				
	(a) Equity Share Capital	14	**4,105.36**	4,103.32	4,101.22
	(b) Other Equity	15	**145,174.36**	143,051.18	137,765.12
	SUB-TOTAL		**149,279.72**	147,154.50	141,866.34
	LIABILITIES				
	2 Non-Current Liabilities				
	(a) Financial Liabilities				
	(i) Borrowings	16	**19,981.00**	37,441.74	49,883.19
	(ii) Other Financial Liabilities	17	**5,096.88**	8,186.02	5,189.71
	(b) Provisions	18	**324.41**	268.50	209.53
	(c) Deferred Tax Liabilities (Net)	19	**169.49**	321.87	201.80
	SUB-TOTAL		**25,571.78**	46,218.13	55,484.23
	3 Current Liabilities				
	(a) Financial Liabilities				
	(i) Borrowings	20	**18,896.19**	19,147.12	–
	(ii) Trade Payables	21	**22,309.33**	21,090.89	14,543.95
	(iii) Other Financial Liabilities	17	**25,573.85**	20,201.18	7,314.31
	(b) Provisions	18	**785.93**	605.27	838.41
	(c) Other Current Liabilities	22	**3,647.99**	4,994.55	4,909.82
	SUB-TOTAL		**71,213.29**	66,039.01	27,606.49
	TOTAL		**246,064.79**	259,411.64	224,957.06

Summary of significant accounting policies — 2

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

As per our Report attached hereto

For and on behalf of
B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No.: 44784

Mumbai: 22nd April, 2017

Suhas Kulkarni Company Secretary
Jayantt Manmadkar Chief Financial Officer

Mumbai: 22nd April, 2017

For and on behalf of the Board of Directors of
Mahindra Lifespace Developers Limited

Arun Nanda *Chairman – DIN 00010029*
Sanjiv Kapoor *Director – DIN 00004005*
Bharat Shah *Director – DIN 00136969*
Shailesh Haribhakti *Director – DIN 00007347*
Prakash Hebalkar *Director – DIN 00370499*
Anish Shah *Director – DIN 02719429*
Anita Arjundas *Managing Director & CEO – DIN 00243215*

Mumbai: 22nd April, 2017

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

All amounts are in ` lakh unless otherwise stated

		Note No.	**For the year ended 31st March, 2017**	For the year ended 31st March, 2016
	Continuing Operations			
I	Revenue from Operations	23	**68,055.38**	50,211.29
II	Other Income	24	**7,264.83**	9,943.02
III	**Total Revenue (I + II)**		**75,320.21**	60,154.31
IV	**EXPENSES**			
	(a) Operating Expenses	25	**54,666.93**	34,736.08
	(b) Employee benefit expense	26	**6,223.90**	5,447.26
	(c) Finance costs	27	**3,196.94**	4,695.83
	(d) Depreciation and amortisation expense	4,5,6	**434.32**	395.78
	(e) Other expenses	28	**3,742.91**	3,221.95
	Total Expenses (IV)		**68,265.00**	48,496.90
V	**Profit before tax (III - IV)**		**7,055.21**	11,657.41
VI	**Tax Expense**			
	(a) Current tax	29	**2,349.39**	3,709.29
	(b) Deferred tax	29	**(187.83)**	120.07
	Total tax expense (VI)		**2,161.56**	3,829.36
VII	**Profit after tax (V - VI)**		**4,893.65**	7,828.05
VIII	**Other comprehensive income**			
	Items that will not be recycled to profit or loss			
	Re-measurements of the defined benefit liabilities (Net of taxes)		**67.85**	66.66
IX	**Total comprehensive income for the period (VII + VIII)**		**4,961.50**	7,894.71
X	**Earnings per equity share:**			
	(a) Basic	30	**11.92**	19.08
	(b) Diluted	30	**11.90**	19.01

Summary of significant accounting policies 2

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

As per our Report attached hereto

For and on behalf of
B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No.: 44784

Mumbai: 22nd April, 2017

Suhas Kulkarni Company Secretary
Jayantt Manmadkar Chief Financial Officer

Mumbai: 22nd April, 2017

For and on behalf of the Board of Directors of
Mahindra Lifespace Developers Limited

Arun Nanda *Chairman – DIN 00010029*
Sanjiv Kapoor *Director – DIN 00004005*
Bharat Shah *Director – DIN 00136969*
Shailesh Haribhakti *Director – DIN 00007347*
Prakash Hebalkar *Director – DIN 00370499*
Anish Shah *Director – DIN 02719429*
Anita Arjundas *Managing Director & CEO – DIN 00243215*

Mumbai: 22nd April, 2017

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

All amounts are in ` lakh unless otherwise stated

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Cash flows from operating activities		
Profit before tax for the year	**7,055.21**	11,657.41
Adjustments for:		
Finance costs recognised in profit or loss	**3,196.94**	2,259.12
Investment/Interest income recognised in profit or loss	**(6,750.09)**	(9,286.23)
Gain on disposal of property, plant and equipment	**(7.30)**	(0.25)
Net (gain)/loss arising on financial assets mandatorily measured at fair value through profit or loss	**(105.68)**	–
Depreciation and amortisation of non-current assets	**434.32**	414.30
Expense recognised in respect of equity-settled share-based payments	**124.37**	118.71
	(3,107.44)	(6,494.35)
Movements in working capital:		
Increase in trade and other receivables	**(10,767.56)**	(5.53)
(Increase)/decrease in inventories	**21,680.24**	(24,778.19)
Decrease in trade and other payables	**522.14**	7,251.28
Cash generated from operations	**15,382.59**	(12,639.38)
Income taxes paid	**(1,155.63)**	(4,144.06)
Net cash generated by operating activities	**14,226.96**	(16,513.44)
Cash flows from investing activities		
Payments to acquire financial assets	**–**	(20,091.64)
Proceeds on sale of financial assets	**5,551.39**	–
Interest received	**883.68**	12,244.08
Dividends received from associates	**824.44**	807.00
Other dividends received	**428.57**	263.83
Amounts advanced to related parties	**2,124.62**	21,786.84
Payments for property, plant and equipment	**(1,199.91)**	(392.80)
Proceeds from disposal of property, plant and equipment	**20.20**	18.01
Net cash inflow on disposal of subsidiary	**(8,323.03)**	–
Net cash (used in)/generated by investing activities	**309.96**	14,635.32

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017 (Contd.)

All amounts are in ` lakh unless otherwise stated

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Cash flows from financing activities		
Proceeds from issue of equity instruments of the Company	**66.27**	12.13
Proceeds from borrowings	**(211.67)**	19,088.86
Repayment of borrowings	**(12,500.00)**	–
Dividends paid to owners of the Company	**(2,835.15)**	(2,797.59)
Interest paid	**(8,234.95)**	(4,508.51)
Net cash used in financing activities	**(23,715.50)**	11,794.89
Net increase in cash and cash equivalents	**(9,178.58)**	9,916.77
Cash and cash equivalents at the beginning of the year	**13,795.49**	3,878.72
Cash and cash equivalents at the end of the year	**4,616.91**	13,795.49

Summary of significant accounting policies (Refer Note 2)

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

As per our Report attached hereto

For and on behalf of
B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No.: 44784

Mumbai: 22nd April, 2017

Suhas Kulkarni Company Secretary
Jayantt Manmadkar Chief Financial Officer

Mumbai: 22nd April, 2017

For and on behalf of the Board of Directors of
Mahindra Lifespace Developers Limited

Arun Nanda *Chairman – DIN 00010029*
Sanjiv Kapoor *Director – DIN 00004005*
Bharat Shah *Director – DIN 00136969*
Shailesh Haribhakti *Director – DIN 00007347*
Prakash Hebalkar *Director – DIN 00370499*
Anish Shah *Director – DIN 02719429*
Anita Arjundas *Managing Director & CEO – DIN 00243215*

Mumbai: 22nd April, 2017

STATEMENT OF CHANGES IN EQUITY AS AT 31ST MARCH, 2017

A. Equity share capital

Particulars	Amount
As at 1st April, 2015	4,101.22
Stock options excercised during the year	2.10
As at 31st March, 2016	4,103.32
Stock options excercised during the year	2.04
As at 31st March, 2017	4,105.36

B. Other Equity

Particulars	Share application money pending allotment	Reserves and Surplus				Other items of Other Comprehensive Income*	Total
		Securities Premium Reserve	General Reserve	Other Reserves#	Retained Earnings		
As at 1st April, 2015		68,356.83	7,299.39	13,883.91	48,224.99	–	137,765.12
Profit/(Loss) for the period	–	–	–	–	7,828.05	–	7,828.05
Other Comprehensive Income/(Loss)	–	–	–	–	–	66.66	66.66
Total Comprehensive Income for the year	–	–	–	–	7,828.05	66.66	7,894.71
Dividend paid on Equity Shares	–	–	–	–	(2,462.16)	–	(2,462.16)
Dividend Distribution Tax	–	–	–	–	(335.45)	–	(335.45)
Transfers to Reserves	–	–	–	–	(3,135.42)	–	(3,135.42)
Transfers from retained earnings	–	–	–	3,135.42		–	3,135.42
Premium on shares issued during the year	–	74.26	–	–		–	74.26
Arising on share based payment	–	–	–	114.60		–	114.60
Other changes	–	–	0.10	–		–	0.10
As at 31st March, 2016	–	68,431.09	7,299.49	17,133.93	50,120.01	66.66	143,051.18
Profit/(Loss) for the period	–	–	–	–	4,893.65	–	4,893.65
Other Comprehensive Income/(Loss)	–	–	–	–		67.85	67.85
Total Comprehensive Income for the year	–	–	–	–	4,893.65	67.85	4,961.92
Dividend paid on Equity Shares	–	–	–	–	(2,461.99)	–	(2,461.99)
Dividend Distribution Tax	–	–	–	–	(501.21)	–	(501.21)
Transfers to Reserves	–	–	–	(1,031.25)		–	(1,031.25)
Transfers from retained earnings	0.08	–	–	–	1,031.25	–	1,031.33
Premium on shares issued during the year	–	64.16	–	–	–	–	64.16
Arising on share based payment	–	–	–	60.64	–	–	60.64
As at 31st March, 2017	**0.08**	**68,495.25**	**7,299.49**	**16,163.32**	**53,081.71**	**134.51**	**145,174.36**

* Consists of acturial gain on valuation of gratuity

Other Reserves

B. Other Equity (Cont…)

Particulars	**31st March, 2017**	31st March, 2016	31st March, 2015
(I) Debenture Redemption Reserve :			
Balance as at the beginning of the year	**9,406.25**	6,270.83	6,270.83
Add :			
Transfer from Surplus in Statement of Profit and Loss	**–**	3,135.42	–
Less :			
Transfer to Surplus in Statement of Profit and Loss	**1,031.25**	–	–
Balance as at the end of the year	**8,375.00**	9,406.25	6,270.83
(II) Capital Redemption Reserve :			
Balance as at the beginning of the year	**7,353.58**	7,353.58	7,353.58
Less :			
Transfer to Surplus in Statement of Profit and Loss	**–**	–	–
Balance as at the end of the year	**7,353.58**	7,353.58	7,353.58
(III) Share Options Outstanding Account			
Balance as at the beginning of the year	**374.10**	259.50	243.38
Arising on share based payment	**60.64**	114.60	16.12
Others	**–**	–	–
Balance as at the end of the year	**434.74**	374.10	259.50
	16,163.32	17,133.93	13,883.91

Particulars	**31st March, 2017**	31st March, 2016
Cash dividends on equity shares declared and paid		
Final dividend for the year: ` 6 per share	**2,462.03**	2,460.90
Dividend Distribution Tax on final dividend	**373.16**	336.69
	2,835.19	2,797.59
Proposed dividends on Equity shares		
Final dividend for the year	**2,463.26**	2,461.99
Dividend Distribution Tax on proposed dividend	**501.55**	501.21
	2,964.81	2,963.20

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 of the respective years.

As per our Report attached hereto

For and on behalf of
B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No.: 44784

Mumbai: 22nd April, 2017

Suhas Kulkarni Company Secretary
Jayantt Manmadkar Chief Financial Officer

Mumbai: 22nd April, 2017

For and on behalf of the Board of Directors of
Mahindra Lifespace Developers Limited

Arun Nanda *Chairman – DIN 00010029*
Sanjiv Kapoor *Director – DIN 00004005*
Bharat Shah *Director – DIN 00136969*
Shailesh Haribhakti *Director – DIN 00007347*
Prakash Hebalkar *Director – DIN 00370499*
Anish Shah *Director – DIN 02719429*
Anita Arjundas *Managing Director & CEO – DIN 00243215*

Mumbai: 22nd April, 2017

Notes to the Financial Statements as at and for the year ended 31st March, 2017

1) General Information

Mahindra Lifespace Developers Limited ("The Company") is a limited company incorporated in India. Its parent and ultimate holding company is Mahindra & Mahindra Limited.

The address of its registered office and principal place of business are disclosed in the introduction to the annual report. The Company along with its subsidiary companies is engaged in the development of residential projects and large formats developments such as integrated cities and industrial clusters.

2) Significant Accounting Policies

2.1 Statement of compliance

The financial statements have been prepared in accordance with Ind AS's 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. Refer note 2.19 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 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. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

2.4.1 Income from projects

Income from real estate sales is recognised on the transfer of all significant risks and rewards of ownership to the buyers and it is not unreasonable to expect ultimate collection and no significant uncertainty exists regarding the amount of consideration. However if, at the time of transfer substantial acts are yet to be performed under the contract, revenue is recognised on proportionate basis as the acts are performed, i.e. on the percentage of completion basis.

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, whereas amount not billed for work performed are included as unbilled revenue under other current assets.

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

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 Income from sale of land and other rights

Revenue from sale of land and other rights are considered upon transfer of all significant risks and rewards of ownership of such real estate/property as per the terms of the contract entered into with the buyers, which generally with the firmity of the sale contracts/agreements.

2.4.3 Income from Project Management

Project Management Fees receivable on fixed period contracts is accounted over the tenure of the contract/agreement. Where the fee is linked to the input costs, revenue is recognised as a proportion of the work completed based on progress claims submitted. Where the management fee is linked to the revenue generation from the project, revenue is recognised on the percentage of completion basis.

2.4.4 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 2.18 below for hedging accounting policies)

2.6 Borrowing costs

Borrowing costs that are directly attributable to long-term project management and development activities are capitalised as part of project cost. Other borrowing costs are recognised as expense in the period in which they are incurred.

Borrowing costs are capitalised as part of project cost when the activities that are necessary to prepare the asset for its intended use or sale are in progress. Borrowing costs are suspended from capitalisation on the project when development work on the project is interrupted for extended periods.

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

2.7 Share-based payment transaction of the Company

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. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 26.

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 Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group 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.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

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.

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.

2.9 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.

Depreciation on tangible fixed assets has been provided on pro-rata basis, on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except for certain assets as indicated below:

Lease hold improvements are amortised over the period of lease/ estimated period of lease.

Plant & Machinery includes Plant and Machinery used in civil construction – Others and amortised over a period of 5 years.

Vehicles used by employees are depreciated over the period of 48 months considering this period as the useful life of the vehicle for the Company.

Sales office and the sample flat/ show unit cost at site is amortised over 5 years or the duration of the project (as estimated by management) whichever is lower.

Fixed Assets held for disposal are valued at estimated net realizable value.

2.10 Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16's requirements for cost model.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

2.11 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.

2.12 Inventories

Inventories are stated at lower of cost and net realisable value. The cost of construction material is determined on the basis of weighted average method. Construction Work-in-Progress includes cost of land, premium for development rights, construction costs and allocated interest & manpower costs and expenses incidental to the projects undertaken by the Company.

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.

2.13.1 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.

2.14 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.

2.15 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.

2.15.1 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.

Interest income is recognised in profit or loss for fair value through other comprehensive income (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.

2.15.2 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.

2.15.3 Investments in equity instruments at fair value through other comprehensive income (FVTOCI)

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

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 Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

2.15.4 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.

2.15.5 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 and also other factors like the underlying collateral security resulting in ultimate exposure which may lead to credit loss, if any.

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.

2.15.6 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.

2.15.7 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.

2.16 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.

2.16.1 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.

2.16.2 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.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

2.16.2.1 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.

2.16.2.2 Financial liabilities at Fair value through profit and loss (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 Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognised by the Company 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 Company of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

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.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, 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 recognised 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, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the Company that are designated by the Company as at fair value through profit or loss are recognised in profit or loss.

2.16.2.3 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.

2.16.2.4 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and

- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

2.16.2.5 Commitments to provide a loan at a below-market interest rate

Commitments to provide a loan at a below-market interest rate are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

2.16.2.6 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.

2.16.2.7 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.

2.17 First-time adoption – mandatory exceptions and optional exemptions

2.17.1 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.

2.17.2 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 1st April, 2015 (the transition date).

2.17.3 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.

2.17.4 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.

2.17.5 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.

2.17.6 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.

2.17.7 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 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:

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 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.

4) Property, Plant and Equipment

Description of Assets		Buildings - Freehold	Buildings - Leasehold	Plant and Equipment - Freehold	Furniture and Fixtures	Vehicles	Computers	Total
I.	**Gross Carrying Amount**							
	Balance as at 1st April, 2016	305.84	452.09	196.15	264.80	452.00	557.59	2,228.47
	Additions	26.60	–	8.29	75.64	95.43	76.51	282.47
	Disposals	–	–	–	–	44.96	10.29	55.25
	Balance as at 31st March, 2017	**332.44**	**452.09**	**204.44**	**340.44**	**502.47**	**623.81**	**2,455.69**
II.	**Accumulated depreciation and impairment**							
	Balance as at 1st April, 2016	133.18	217.16	167.74	81.85	235.01	452.13	1,287.07
	Depreciation expense for the year	106.82	11.98	12.23	91.75	103.94	68.67	395.39
	Eliminated on disposal of assets	–	–	–	–	44.96	9.20	54.16
	Balance as at 31st March, 2017	**240.00**	**229.14**	**179.97**	**173.60**	**293.99**	**511.60**	**1,628.30**
III.	**Net carrying amount (I-II)**	**92.44**	**222.95**	**24.47**	**166.84**	**208.48**	**112.21**	**827.39**

Description of Assets		Buildings - Freehold	Buildings - Leasehold	Plant and Equipment - Freehold	Furniture and Fixtures	Vehicles	Computers	Total
I.	**Gross Carrying Amount**							
	Balance as at 1st April, 2015	305.84	452.09	186.71	118.68	374.02	507.64	1,944.98
	Additions	–	–	9.44	146.12	110.59	56.46	322.61
	Disposals	–	–	–	–	32.61	6.51	39.12
	Balance as at 31st March, 2016	**305.84**	**452.09**	**196.15**	**264.80**	**452.00**	**557.59**	**2,228.47**
II.	**Accumulated depreciation and impairment**							
	Balance as at 1st April, 2015	36.72	180.52	155.49	66.00	127.62	374.58	940.93
	Depreciation expense for the year	96.46	36.64	12.25	15.85	122.25	84.05	367.50
	Balance as at 31st March, 2016	**133.18**	**217.16**	**167.74**	**81.85**	**235.01**	**452.13**	**1,287.07**
III.	**Net carrying amount (I-II)**	**172.66**	**234.93**	**28.41**	**182.95**	**216.99**	**105.46**	**941.40**

Commitments	**31st March, 2017**	31st March, 2016	01st April 2015
Capital Commitment : Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances)	**5.77**	8.00	27.50

5) Investment Property

Description of Assets		Land	Buildings	Total
I.	**Gross Carrying Amount**			
	Balance as at 1st April, 2016	1,810.44	1,236.77	3,047.21
	Addition	–	–	–
	Disposals	–	–	–
	Balance as at 31st March, 2017	**1,810.44**	**1,236.77**	**3,047.21**
II.	**Accumulated depreciation and impairment**			
	Balance as at 1st April, 2016	–	673.70	673.70
	Depreciation for the year	–	28.28	28.28
	Balance as at 31st March, 2017	**–**	**701.98**	**701.98**
III.	**Net carrying amount (I-II)**	**1,810.44**	**534.79**	**2,345.23**

Description of Assets	Land	Buildings	Total
I. Gross Carrying Amount			
Balance as at 1st April, 2015	1,810.44	1,236.77	3,047.21
Addition	–	–	–
Disposals	–	–	–
Balance as at 31st March, 2016	**1,810.44**	**1,236.77**	**3,047.21**
II. Accumulated depreciation and impairment			
Balance as at 1st April, 2015	–	645.43	645.43
Depreciation for the year	–	28.27	28.27
Balance as at 31st March, 2016	**–**	**673.70**	**673.7**
III. Net carrying amount (I-II)	**1,810.44**	**563.07**	**2,373.51**

Fair value disclosure on Company's investment properties

The Company's investment properties consist of two commercial properties in India, Mahindra Towers at Gurgaon and GE Plaza at Pune. Management determined that the investment properties consist of two classes of assets – office and retail – based on the nature, characteristics and risks of each property.

As at 31st March 2017 and 31st March 2016, the fair values of the Mahindra Tower, Delhi have been arrived at on the basis of a valuation carried out as on the respective dates by Gandhi & Associates, independent valuer not related to the Group. Gandhi & Associates are registered with the authority which governs the valuers in India and they have appropriate qualifications and experience in the valuation of properties in the relevant locations. The Fair value was determined using the market comparable approach based on recent market prices without any significant adjustments being made to the market observable data.

As at 31st March 2017 and 31st March 2016, the fair values of the GE Plaza, Pune have been arrived at on the basis of a valuation carried out as on the respective dates by Dixit Valuers & Engineers, independent valuer not related to the Group. Dixit Valuers & Engineers are registered with the authority which governs the valuers in India and they have appropriate qualifications and experience in the valuation of properties in the relevant locations. The Fair value was determined using the market comparable approach based on recent market prices without any significant adjustments being made to the market observable data.

Details of the Company investment's properties and information about the fair value hierarchy as at 31st March 2017, 31st March 2016 and 1st April 2015 are as follows:

	Mahindra Towers, Delhi			GE Plaza, Pune		
Particulars	**Land**	**Buildings**	**Total**	**Land**	**Buildings**	**Total**
Opening balance as at 1st April, 2015	**12,220.88**	**1,464.76**	**13,685.63**	**92.19**	**195.14**	**287.32**
Fair value difference	271.58	(109.86)	161.72	13.83	(9.46)	4.38
Opening balance as at 1st April, 2016	**12,492.45**	**1,354.90**	**13,847.35**	**106.02**	**185.68**	**291.70**
Fair value difference	543.15	(101.62)	441.53	–	4.44	4.44
Closing balance as at 31st March, 2017	**13,035.60**	**1,253.28**	**14,288.88**	**106.02**	**190.12**	**296.14**

Information regarding income and expenditure of Investment property:

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Rental income derived from investment properties (included in 'Revenue from Operations')	**2,018.71**	2,018.95
Direct operating expenses (including repairs and maintenance) that generate rental income	**16.94**	47.12
Direct operating expenses (including repairs and maintenance) that did not generate rental income	**–**	0.79

6) Intangible Assets

Description of Assets	Computer Software
I. Gross Carrying Amount	
Balance as at 1 April, 2016	289.52
Additions from separate acquisitions	70.76
Disposals	–
Balance as at 31 March, 2017	**360.28**
II. Accumulated depreciation and impairment	
Balance as at 1 April, 2016	289.52
Amortisation expense for the year	10.67
Balance as at 31 March, 2017	**300.19**

Description of Assets	Computer Software
III. Net carrying amount (I-II)	**60.09**

Description of Assets	Computer Software
Intangible Assets	
I. Cost	
Balance as at 1 April 2015	289.52
Additions from separate acquisitions	–
Disposals	–
Balance as at 31 March, 2016	**289.52**
II. Accumulated depreciation and impairment	
Balance as at 1 April 2015	289.52
Amortisation expense for the year	–
Balance as at 31 March, 2016	**289.52**
III. Net carrying amount (I-II)	**–**

7) Investments

Particular	As at 31st March, 2017				As at 31st March, 2016				As at 1st April, 2015			
	Face Value `	**QTY (Nos)**	**Amounts* Current ` Lakh**	**Amounts* Non Current ` Lakh**	Face Value `	QTY (Nos)	Amounts* Current ` Lakh	Amounts* Non Current ` Lakh	Face Value `	QTY (Nos)	Amounts* Current ` Lakh	Amounts* Non Current ` Lakh
A. COST												
I. Unquoted Investments (all fully paid)												
Investments in Equity Instruments – of Subsidiaries												
Mahindra Infrastructure Developers Limited.....	**10**	**18,000,000**	–	**1,800.00**	10	18,000,000	–	1,800.00	10	18,000,000	–	1,800.00
Mahindra World City (Maharashtra) Limited.....	**10**	**1,170,400**	–	**117.04**	10	1,170,400	–	117.04	10	1,170,400	–	117.04
Mahindra Integrated Township Limited	**10**	**37,000,000**	–	**3,700.00**	10	37,000,000	–	3,700.00	10	37,000,000	–	3,700.00
Knowledge Township Limited.........................	**10**	**21,000,000**	–	**2,372.94**	10	21,000,000	–	2,831.03	10	21,000,000	–	2,100.00
Industrial Township (Maharashtra) Limited	**10**	**5,000,000**	–	**500.00**	10	5,000,000	–	500.00	10	5,000,000	–	500.00
Industrial Cluster Private Limited (Earlier Known as Mahindra Housing Private Limited)	**10**	**50,000**	–	**5.00**	10	50,000	–	5.00	10	50,000	–	5.00
Raigad Business and Industrial Park limited.....	**10**	**110,000**	–	**11.00**	10	110,000	–	11.00	10	110,000	–	11.00
Anthurium Developers Limited	**10**	**50,000**	–	**5.00**	10	50,000	–	5.00	10	50,000	–	5.00
Topical Builders Private Limited......................	**10**	**175**	–	**0.02**	10	175	–	0.02	10	175	–	0.02
Kismat Developers Private Limited	**10**	**15**	–	**0.00**	10	15	–	0.00	10	15	–	0.00
Deepmangal Developers Private Limited	**10**	**177**	–	**284.61**	10	177	–	284.61	10	177	–	284.61
- of Joint Ventures												
Mahindra World City (Jaipur) Limited	**10**	**111,000,000**	–	**11,115.43**	10	111,000,000	–	11,100.00	10	111,000,000	–	11,100.00
Mahindra World City Developers Limited	**10**	**17,799,999**	–	**3,889.43**	10	17,799,999	–	3,886.54	10	17,799,999	–	3,886.54
Mahindra Bebanco Developers Limited...........	**10**	**35,000**	–	**3.50**	10	35,000	–	3.50	10	35,000	–	3.50
Mahindra Homes Private Limited (Earlier Known as Watsonia Developers Private Limited and before that Watsonia Developers Limited)........												
Class A Equity Shares...................................	**10**	**616,879**	–	**61.69**	10	205,628	–	20.56	10	205,628	–	20.56
Class C Equity Shares	**10**	**389**	–	**0.04**	10	389	–	0.04	10	389	–	0.04
INVESTMENTS CARRIED AT COST [A]	–	–	–	**23,865.70**	–	–	–	24,264.34	–	–	–	23,533.31
B. AMORTISED COST												
Investments Carried at Amortised Cost												
Unquoted												
Investments in Preference Shares – of Subsidiaries												
Topical Builders Private Limited...................... (8.5% Non-cumulative Redeemable Preference Shares)	**10**	**4,825**	–	**0.48**	10	4,825	–	0.48	10	4,825	–	0.48
Kismat Developers Private Limited .... (8.5% Non-cumulative Redeemable Preference Shares)	**10**	**4,985**	–	**0.50**	10	4,985	–	0.50	10	4,985	–	0.50
Moonshine Construction Private Limited .... 7% Non-Cumulative Redeemable Participating	**10**	**5,000**	–	**0.50**	10	5,000	–	0.50	10	5,000	–	0.50
– of joint ventures												
Mahindra World City (Jaipur) Limited	–	–	–	–	10	37,000,000	–	3,700.00	10	37,000,000	–	3,700.00
Mahindra Homes Private Limited (Earlier Known as Watsonia Developers Private Limited and before that Watsonia Developers Limited)*......	**10**	**1**	–	**0.00**	10	1	–	0.00	10	1	–	0.00
(0.01% Optionally Convertible Redeemable Preference Shares)												
Investments in Non Convertible debentures or bonds												
– of joint ventures												
Mahindra Homes Private Limited (Earlier Known as Watsonia Developers Private Limited and before that Watsonia Developers Limited)*......	**100**	**32,017,000**	–	**32,017.00**	100	32,017,000	–	31,452.33	100	32,017,000	–	32,017.00
(17.65% Optionally Convertible Debentures)												
– of subsidiaries												
Knowledge Township Limited..........................	**100,000**	**2,637**	–	**2,637.00**	–	–	–	–	–	–	–	–
(11.00% Optionally Convertible Debentures)												
Industrial Cluster Private Limited	**100,000**	**9,220**	–	**9,220.00**	–	–	–	–	–	–	–	–
(11.00% Optionally Convertible Debentures)												
TOTAL INVESTMENTS CARRIED AT AMORTISED COST [B]	–	–	–	**43,875.48**	–	–	–	35,153.81	–	–	–	35,718.48

7) Investments

Particular		As at 31st March, 2017			As at 31st March, 2016				As at 1st April, 2015			
	Face Value `	**QTY (Nos)**	**Amounts* Current ` Lakh**	**Amounts* Non Current ` Lakh**	Face Value `	QTY (Nos)	Amounts* Current ` Lakh	Amounts* Non Current ` Lakh	Face Value `	QTY (Nos)	Amounts* Current ` Lakh	Amounts* Non Current ` Lakh
C Designated as Fair Value Through Profit and Loss												
I. Quoted Investments (specify whether fully paid or partly paid)												
Investments in Mutual Funds..........................	–	–	**14,563.37**	–	–	–	20,114.76	–	–	–	–	–
Total Aggregate Quoted Investments	–	–	**14,563.37**	–	–	–	20,114.76	–	–	–	–	–
II. Unquoted Investments (all fully paid)												
Investments in Equity Instruments - of other entities												
New Tirupur Area Development Corporation Limited..	**10**	**500,000**	–	–	10.00	500,000	–	–	10	500,000	–	–
Mahindra Knowledge Park (Mohali) Limited.....	**10**	**6**	–	**0.00**	10	6	–	0.00	10	6	–	0.00
Total Unquoted Investments	–	**500,006**	–	–		500,006	–	–	–	500,006	–	–
INVESTMENTS CARRIED AT FVTPL [C]	–	–	**14,563.37**	–			20,114.76	–	–	–	–	–
TOTAL INVESTMENTS CARRIED AT FAIR VALUE	–	–	**14,563.37**	–			20,114.76	–	–	–	–	–
TOTAL INVESTMENTS (A) + (B)+ (C)...........	–	–	**14,563.37**	**67,741.19**			20,114.76	59,418.15			–	59,251.79
Total Impairment value for investment carried at cost	–	–	–	**(1,912.01)**	–	–	–	(1,912.01)	–	–	–	(1,912.01)
Total impairment value for investments (D).....	–	–	–	**(1,912.01)**	–	–	–	(1,912.01)	–	–	–	(1,912.01)
TOTAL INVESTMENTS CARRYING VALUE (A) + (B) + (C) + (D)..	–	–	**14,563.37**	**65,829.18**	–	–	20,114.76	57,506.14	–	–	–	57,339.78
Other disclosures												
Aggregate amount of quoted investments........	–	–	**14,563.37**	–	–	–	20,114.76	–	–	–	–	–
Aggregate amount of Market value of investments...												
Aggregate amount of unquoted investments....	–	–	–	**67,741.19**	–	–	–	67,741.19	–	–	–	67,741.19
Aggregate amount of impairment in value of investments...	–	–	–	**(1,912.01)**	–	–	–	(1,912.01)	–	–	–	(1,912.01)

The Company's investment in the equity shares of New Tirpur Area Development Corporation Limited ("NTADCL") aggregates ` 1,550.63 lakh comprising ` 50.63 lakh invested directly by the Company and ` 1,500 lakh by its wholly owned subsidiary Mahindra Infrastructure Developers Limited ("MIDL"). Other than the investment in NTADCL, MIDL has no other operations. The net worth of NTADCL and MIDL is substantially eroded.

NTADCL was exploring the option of supplying industrial water to a textile park proposed to be set up by the state government of Karnataka which would have contributed substantially to its revenues. Consequent, to the finalization of the financial statements for the year ended 31st March, 2014 it was expected that there were likely to be delays in setting up the same and the probability of the whole project being set up was significantly lower as compared to the previous year. As a result, MIDL during the year ended 31st March, 2015 had made a provision for diminution of its investment in NTADCL of ` 1,500 lakh. The Company has also made a provision for diminution of its investment in MIDL of ` 1,800 lakh and ` 50.63 lakh of its investment in NTADCL in year ending 31st March, 2015.

Refer Schedule No. 31 for disclosure of Measurement Requirements as per IND AS 107, 109, 113

8) 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
a) Security Deposits						
– Unsecured, considered good	**3,447.19**	–	3,428.45	–	3,910.07	–
TOTAL (A)	**3,447.19**	–	3,428.45	–	3,910.07	–
b) Loans to related parties						
– Unsecured, considered good#..........................	**2,000.00**	**1,764.58**	2,207.64	3,681.56	2,000.00	25,631.56
TOTAL (B)	**2,000.00**	**1,764.58**	2,207.64	3,681.56	2,000.00	25,631.56
c) Other Loans and Advances						
– Unsecured, considered good*...........................	**19,006.01**	–	15,448.54	–	22,501.67	–
TOTAL (C)	**19,006.01**	–	15,448.54	–	22,501.67	–
GRAND TOTAL	**24,453.20**	**1,764.58**	21,084.63	3,681.56	28,411.74	25,631.56

Refer Note 31 for disclosures related to credit risk and related financial instrument disclosures.

* During the year ended 31st March 2015, Other Loans and advances included project advances of ` 10,000 lakh pending for over 3 years relating to a project whose commencement had been delayed due to non-performance with respect to the agreed condition precedents by Vendors. The Company had taken legal action against the vendors to protect the interest of the Company where in the H'ble High Court at Mumbai had given order restraining the vendors from creating any third party rights in respect of the suit property or part with possession thereof.

* During the previous year ended 31st March, 2016, the company had received an award in terms of the consent terms filed by the Company and the Vendors before the H'ble Arbitral Tribunal and the Company had acquired the property. The Company had planned to undertake the redevelopment of the property on completion of all obligation by the Vendors. Consequently the amount of ` 10,000 lakh was transferred to Construction Work in Progress in the previous year ended 31st March, 2016.

* With the approval of the shareholders received at the 17th Annual General Meeting held on 28th July, 2016, the Company has on 27th March, 2017 sold the property in its inventory, situated at South Mumbai for a total consideration upto ` 23,721.00 lakh to a related party. The Company has received conveyance consideration of ` 17,671.00 lakh. As per the terms of settlement between the Company and the erstwhile landowners, upon completion of certain obligations by them, the Company shall pay an amount upto ` 6,050.00 lakh to the erstwhile landowners and the same shall be paid by the related party to the Company as balance consideration. The matter of determination of the factum of completion of the obligations by the erstwhile landowners is presently pending before the Hon'ble Arbitrator. The profit booked from this sale transaction will not be affected by the outcome of such arbitration.

\# The Company had entered into an agreement to acquire a parcel of land near Thane, Maharashtra, at a consideration of ` 2,000.00 lakh. While full consideration was paid, the land was not conveyed pending completion of certain formalities. The amount currently standing in the books as a current asset is ` 2,879.00 lakh. During the period, Tahsildar (Thane) has issued an order against the registered owner alleging non-adherence of certain conditions pertaining to Bombay Tenancy and Agricultural Lands Act, 1948 and changed the land records to reflect Government of Maharashtra as the holder of the land. The Company has been legally advised that the said order and the demand thereunder is grossly erroneous and not tenable.

9) Other financial assets

	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
Financial assets at amortised cost						
a) Bank Deposit with more than 12 months maturity.	**–**	**20.52**	–	75.66	–	111.15
b) Interest Accrued	**12,315.73**	**–**	7,702.59	–	11,731.27	–
	12,315.73	**20.52**	7,702.59	75.66	11,731.27	111.15

Refer Note 31 for disclosures related to credit risk and related financial instrument disclosures.

10) Inventories

Particulars	**As at 31st March, 2017**	As at 31st March, 2016	As at 1st April, 2015
(a) Raw materials	**2,162.81**	2,156.66	2,170.11
(b) Construction Work-in-progress*# ...	**79,289.42**	98,568.35	77,597.32
(c) Stock in Trade................................	**6,473.04**	8,880.50	297.03
Total Inventories (at lower of cost and net realisable value)	**87,925.27**	109,605.51	80,064.46

* Construction Work in Progress represents materials at site and unbilled costs on the projects. Based on projections and estimates by the Company of the expected revenues and costs to completion, provision for losses to completion and/ or write off of costs carried to inventory are made on projects where the expected revenues are lower than the estimated costs to completion. In the opinion of the management, the net realisable value of the construction work in progress will not be lower than the costs so included therein.

\# The Company had during the year ending 31st March 2015 entered into mutually agreed consent terms with a land-owner in respect of the project, commencement of which had been delayed and in accordance with the consent terms, the Company during the year ending 31st March, 2015 completed the sale of land in relation thereto. Accordingly, the provision for losses to project completion for ` 1,023.00 lakh in respect was no longer required and reversed during the year ending 31st March 2015. Further, revenue from operations for the year ended 31st March 2015 includes ` 25,263 lakh on sale thereof, net of the advances given and interest thereon. Operating expenses included in the year ended 31st March, 2015 ` 2,263 lakh of costs incurred in relation thereto. Other income included in the year ending 31st March 2015 was ` 1,550 lakh pertaining to write back of the provision for the interest on the aforesaid advance no longer required.

Consequent to the above, construction work-in-progress of ` 765.87 lakh and short term loans and advances and interest accrued on project advances included in other current assets of ` 4,205.26 lakh and ` 2,174.98 lakh, respectively, at 31st March 2014 have been realized during the year ending 31st March 2015.

The cost of inventories recognised as an expense during the year in respect of continuing operations was ` 52,343.58 lakh (Previous year ending 31st March, 2016: ` 32,754.97 lakh)

Details of Work in progress and inventories pledged or mortgaged as security is as below:

Particulars	**Carrying Value**	**Security pledged/ Mortgaged against**
31st March, 2017		
Work in progress & Inventories........	**19,981.00**	**Non Current Secured Debentures**
Work in progress & Inventories........	**16,396.19**	**Current Secured Borrowings**
31st March, 2016		
Work in progress & Inventories	37,441.74	Non Current Secured Debentures
Work in progress & Inventories	12,147.12	Current Secured Borrowings
1st April, 2015		
Work in progress & Inventories	49,883.19	Non Current Secured Debentures
Work in progress & Inventories	–	Current Secured Borrowings

11) Trade receivables

Particulars	**As at 31st March, 2017**	As at 31st March, 2016	As at 1st April, 2015
Trade receivables			
(a) Unsecured, considered good........	**5,929.69**	5,095.98	1,552.42
(b) Doubtful	**595.15**	595.15	595.15
Less: Allowance for doubtful debts	**(595.15)**	(595.15)	(595.15)
Total Current Trade Receivables	**5,929.69**	5,095.98	1,552.42

Refer Note 31 for disclosures for to credit risk related to trade receivables and also Note no. 2.15.5.

11a) Movement in the allowance for doubtful debts

Particulars	**As at 31st March, 2017**	As at 31st March, 2016
Balance at beginning of the year	**595.15**	595.15
Other receivables during the year	–	–
Balance at end of the year	**595.15**	595.15

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

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) Cash on hand	**1.06**	1.05	1.55
(b) Others			
On current account......................	**1,512.08**	11,921.01	2,953.53
Deposit account Less than 3 months	**3,103.77**	1,873.43	436.38
Total Cash and cash equivalent.......	**4,616.91**	13,795.49	3,391.46
Other Bank Balances			
(a) Earmarked balances with banks ..	**125.45**	112.62	103.24
(b) Balances with Banks:			
(i) On Margin Accounts..............	**469.66**	435.73	443.75
(ii) Fixed Deposits with maturity greater than 3 months	**57.87**	234.84	226.82
Total Other Bank balances	**652.98**	783.19	773.81

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..............................	**4,616.91**	13,795.49	3,391.46
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................	**4,616.91**	13,795.49	3,391.46

13) Other Current Assets

Particulars	**As at 31st March, 2017**	As at 31st March, 2016	As at 1st April, 2015
Advances other than capital advances			
(i) Unbilled Revenues.......................	**22,906.92**	14,380.22	10,812.93
Total Other Current Assets..............	**22,906.92**	14,380.22	10,812.93

13a) Additional disclosure as per Guidance note on accounting for Real Estate Transactions

Particulars	**As at 31st March, 2017**	As at 31st March, 2016
Contracts in Progress at the end of reporting Period		
Construction costs incurred plus profits recognised less losses recognised..	**35,755.00**	17,724.07
Advances received from customers	**639.18**	3,154.56
Work in progress and inventories............................	**53,290.51**	70,302.04

14) Equity Share Capital

Particulars	**As at 31st March, 2017**		As at 31st March, 2016		As at 1st April, 2015	
	No. of shares	**Amount ` in Lakh**	No. of shares	Amount ` in Lakh	No. of shares	Amount ` in Lakh
Authorised:						
Equity shares of ` 10 each with voting rights....................	**115,000,000**	**11,500.00**	115,000,000	11,500.00	115,000,000	11,500.00
Unclassified shares of `10 each..	**6,000,000**	**600.00**	6,000,000	600.00	6,000,000	600.00
Issued, Subscribed and Fully Paid:						
Equity shares of ` 10 each with voting rights....................	**41,094,401**	**4,109.44**	41,074,001	4,107.40	41,053,051	4,105.31
Issued, Subscribed and Partly Paid:						
Equity shares of ` 10 each with voting rights....................	**41,053,550**	**4,105.36**	41,033,150	4,103.32	41,012,200	4,101.22
Total	**41,053,550**	**4,105.36**	41,033,150	4,103.32	41,012,200	4,101.22

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

Particulars	Opening Balance	ESOP	Closing Balance
(a) Equity Shares with Voting rights			
Year Ended 31st March 2017			
No. of Shares	**41,033,150**	**20,400**	**41,053,550**
Amount ` in Lakh	**4,103.32**	**2.04**	**4,105.36**
Year Ended 31st March 2016			
No. of Shares.........................	41,012,200	20,950	41,033,150
Amount ` in lakh....................	4,101.22	2.09	4,103.32
Year Ended 1st April 2015			
No. of Shares.........................	41,012,200	–	41,012,200
Amount ` in lakh....................	4,101.22	–	4,101.22

Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of ` 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in ensuing Annual General Meeting.

(ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	**Equity Shares with Voting rights**
As at 31st March 2017	
Mahindra & Mahindra Ltd. the Holding Company	20,846,126
As at 31st March 2016	
Mahindra & Mahindra Ltd. the Holding Company	20,846,126
As at 1st April 2015	
Mahindra & Mahindra Ltd. the Holding Company	20,846,126

Other than the above shares, no shares are held by any subsidiaries or associates of the holding company.

(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 & Mahindra Limited	**20,846,126**	**50.78%**	20,846,126	50.80%	20,846,126	50.83%
Amansa Investments Limited	**–**	**–**	2,341,170	5.71%	2,505,170	6.11%
Small Cap World Fund, INC	**2,157,380**	**5.26%**	2,157,380	5.26%	2,157,380	5.26%

iv) Shares reserved for issue under options

The Company has 5,53,430 (Previous Year ending 31st March, 2016. 5,58,380) equity shares of ` 10/- each reserved for issue under options [Refer Note 26].

v) The allotment of 40,851 (Previous Year ending 31st March, 2016. 40,851) equity shares of the Company has been kept in abeyance in accordance with Section 206A of the Companies Act, 1956 (Section 126 of the Companies Act 2013), till such time as the title of the bonafide owner of the shares is certified by the concerned Stock Exchange or the Special Court (Trial of Offences relating to Transactions in Securities).

15) Other equity

Particulars	**As at 31st March, 2017**	As at 31st March, 2016	As at 31st March, 2015
General reserve	**7,299.49**	7,299.49	7,299.39
Securities premium reserve	**68,495.25**	68,431.09	68,356.83
Reserve for debt instruments through other comprehensive income	**134.92**	66.66	–
Share options outstanding account	**434.33**	374.11	259.50
Retained earnings	**53,081.71**	50,120.00	48,224.99
Capital redemption reserve	**7,353.58**	7,353.58	7,353.58
Debenture redemption reserve	**8,375.00**	9,406.25	6,270.83
Share Application money pending allotment	**0.08**	–	–
	145,174.36	143,051.18	137,765.12

Details Reserves

Particulars	**As at 31st March, 2017**	As at 31st March, 2016	As at 31st March, 2015
(I) Debenture Redemption Reserve:			
Balance as at the beginning of the year	**9,406.25**	6,270.83	6,270.83
Add :			
Transfer from Surplus in Statement of Profit and Loss	**–**	3,135.42	–
Less :			
Transfer to Surplus in Statement of Profit and Loss	**1,031.25**	–	–
Balance as at the end of the year	**8,375.00**	9,406.25	6,270.83
(II) Capital Redemption Reserve :			
Balance as at the beginning of the year	**7,353.58**	7,353.58	7,353.58
Less :			
Transfer to Surplus in Statement of Profit and Loss	**–**	–	–
Balance as at the end of the year	**7,353.58**	7,353.58	7,353.58
(III) General reserve			
Balance as at the beginning of the year	**7299.49**	7,299.39	7,299.39
Add: Transfer from Surplus in Statement of Profit and Loss	**–**	0.10	–
Less: Transfer to Surplus in Statement of Profit and Loss	**–**	–	–
Balance as at the end of the year	**7,299.49**	7,299.49	7,299.39

Debenture Redemption Reserve: A debenture redemption reserve is a provision created against issue of debentures to protect investors against the possibility of default by the company.

General Reserve: The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. There is no policy of regular transfer. Items included under General Reserve shall not be reclassified back into the P&L.

16) Non-Current Borrowings

Description of the instrument	Currency of Loan	Effective Interest Rate used for Discounting Cashflows %	Coupon Rate %	Repayment Bullet (or) Installment	Number of Installments Nos	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
Secured Borrowings									
Fully Redeemable									
I. Non Convertible Debentures	INR	12.04%	8.00%	Installment	1	4/4/2018	**19,981.00**	19,941.74	20,000.00
II. Non Convertible Debentures	INR	11.86%	8.00%	Installment	1	4/4/2017	**–**	17,500.00	17,383.19
III. Non Convertible Debentures	INR	11.76%	0.00%	Installment	1	4/4/2016	**–**	–	12,500.00
Total Secured Borrowings							**19,981.00**	37,441.74	49,883.19

Non Convertible Debentures

The terms and conditions of the Secured Non-Convertible Debentures issued by the Company are summarized below:-

Series	**I**	**II**	**III**
Face Value of Debentures (` Lakh)	12,500.00	17,500.00	20,000.00
Total Redemption Amount (` Lakh)	4,498.71	2,290.30	3,455.65
Rate of Interest Payable Annually (%)	0%	8%	8%
Maturity Date	4th April 2016	4th April 2017	4th April 2018

The above debentures are secured by an exclusive charge over Land & building as identified by the Company from time to time.

At present the identified assets are land owned by the Company which is accounted as a part of Construction Work in Progress and land owned by its Subsidiary Mahindra Integrated Township Limited.

17) 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			
Non-Current			
(a) Other long term liabilities*	**5,096.88**	8,186.02	5,189.71
	5,096.88	8,186.02	5,189.71
Current			
(a) Current maturities of long-term debt	**17,500.00**	12,500.00	–
(b) Interest accrued	**3,034.68**	2,993.64	2,975.34
(c) Unpaid dividends	**125.45**	112.62	103.24
(d) Other liabilities			
(1) Others#	**2,243.19**	1,704.71	2,467.36
(2) Retention Money	**2,670.53**	2,890.21	1,768.37
	25,573.85	20,201.18	7,314.31
Total other financial liabilities	**30,670.73**	28,387.20	12,504.02

* Other long term liabilities include provision for redemption premium payable on debentures

\# Others include trade deposits and Society Maintenance deposits

18) 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
(a) Provision for employee benefits	**142.70**	**324.41**	187.03	268.50	323.41	209.53
(b) Other Provisions						
Defect Liabilities	**643.23**	**–**	418.24	–	515.00	–
Total Provisions	**785.93**	**324.41**	605.27	268.50	838.41	209.53

Details of movement in provisions for defect liability is as follows:

Particulars	Defect Liability Provisions
Balance at 1st April 2015	515.00
Additional provisions recognised	459.62
Amounts used during the period	(31.38)
Unused amounts reversed during the period	(525.00)
Unwinding of discount and effect of changes in the discount rate	–
Balance at 31st March 2016	418.24
Balance at 1st April, 2016	**418.24**
Additional provisions recognised	**597.51**
Amounts used during the period	**(31.48)**
Unused amounts reversed during the period	**(341.05)**
Unwinding of discount and effect of changes in the discount rate	**–**
Balance at 31st March 2017	**643.23**

Defect Liability Provisions:

Provision for defect liability represents present value of management's best estimate of the future outflow of economic resources that will be required for rectification of defects, if any, in respect of residential units sold or given under perpetual lease. Management estimates the related provision for future defect liability claims based on historical cost of rectifications and is adjusted regularly to reflect new information. The residential units are generally covered under the defect liability period limited to 1 - 3 years from the date of handover of residential units. It is estimated that most of these costs are likely to be incurred within two years after the reporting date.

19) Deferred Tax Balances

Particulars	For the Year ended 31st March 2017	For the Year ended 31st March 2016	For the Year ended 1st April 2015
Deferred Tax Liabilities	**760.84**	830.98	768.30
Deferred Tax Assets	**591.35**	509.11	566.50
Net Tax Assets/(Liabilities)	**(169.49)**	(321.87)	(201.80)

(i) Movement in deferred tax balances

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			
FVTPL financial asset/(liability)	**830.98**	**(70.14)**	**760.84**
	830.98	**(70.14)**	**760.84**
Tax effect of items constituting deferred tax assets			
Other Items	**509.11**	**82.24**	**591.35**
	509.11	**82.24**	**591.35**
Net Tax Asset/(Liabilities)	**(321.87)**	**152.38**	**(169.49)**

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			
FVTPL financial asset	768.30	62.68	830.98
	768.30	62.68	830.98
Tax effect of items constituting deferred tax assets			
Other Items	566.50	(57.39)	509.11
	566.50	(57.39)	509.11
Net Tax Asset/(Liabilities)	(201.80)	(120.07)	(321.87)

20) Current Borrowings

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
A. Secured Borrowings			
(a) Loans repayable on demand			
From Banks	**16,396.19**	12,147.12	–
Total Secured Borrowings	**16,396.19**	12,147.12	–
B. Unsecured Borrowings			
(a) Loans repayable on demand			
From Banks	**–**	7,000.00	–
(b) Loans from related parties	**2,500.00**	–	–
Total Unsecured Borrowings	**2,500.00**	7,000.00	–
Total Current Borrowings	**18,896.19**	19,147.12	–

Secured Borrowing

Nature of Security

The Short Term Loan/ Working Capital Demand Loan (WCDL) is secured by exclusive mortgage charge on immovable properties (part of Work in progress and Inventories) of the company while Cash Credit/Overdraft is secured by first hypothecation charge on all existing and future current assets of the company.

Terms of Repayment

Rate of interest for WCDL 9.25% while CC is MCLR plus 0.35% (presently 8.85%p.a). Cash Credit/Overdraft facility is repayable on demand from bank.

Unsecured Loan

Includes Short Term Loan from bank for working capital purposes.

21) Trade Payables

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Trade payable - Micro and small enterprises*	**–**	–	–
Trade payable - Other than micro and small enterprises	**22,309.33**	21,090.89	14,543.95
Total Current Trade Payables	**22,309.33**	21,090.89	14,543.95

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

* Based on the information available with the Company there are no dues outstanding in respect of Micro, Small and Medium Enterprises as of Balance Sheet date.

22) Other Liabilities

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Current			
a. Advances received from customers	**3,163.17**	4,473.17	4,302.63
b. Statutory dues payable	**484.82**	521.38	607.19
Total Other Current Liabilities	**3,647.99**	4,994.55	4,909.82

23) Revenue from Operations

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
(a) Income From Projects	**63,985.59**	46,003.60
(b) Project Management Fees	**2,051.08**	2,188.74
(c) Income from Operation of Commercial Complexes	**2,018.71**	2,018.95
Total Revenue from Operations	**68,055.38**	50,211.29

24) Other Income

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
(a) Interest Income		
(1) Interest on InterCorporate Deposits	**396.86**	2,304.20
(2) Interest on Bank Deposits	**294.04**	195.86
(3) Interest on Optionally Convertible Debentures	**4,482.38**	6,148.76
(4) Others	**815.24**	242.34
(b) Dividend Income		
(1) Dividend income from Joint Ventures and Subsidiaries	**333.00**	333.00
(2) Dividend income from current investment - Non Trade	**428.57**	263.83
(c) Net Gain/(Loss) on sale of investments		
(1) Sale of Current Investments - Non Trade	**105.68**	23.12
(d) Profit on sale of capital assets (net of loss on assets sold/scrapped/written off)	**7.30**	0.25
(e) Miscellaneous Income	**401.76**	431.66
Total Other Income	**7,264.83**	9,943.02

25) Operating Expenses

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Cost of Project		
Opening Work-in-progress	**98,568.35**	77,597.32
Opening Raw Material	**2,156.66**	2,170.11
Opening Stock in trade	**8,880.50**	297.03
Sub-Total (a)	**109,605.51**	80,064.46
Add: Expenses incurred during the year		
Land Cost/Premium for Development Rights	**5,836.61**	21,738.83
Architect Fees	**298.09**	595.30
Preliminaries & Site Expenses	**112.92**	6,613.41
Civil Electricals, Contracting etc	**15,715.46**	26,262.01
Interest	**2,723.05**	2,905.07
Overheads Allocated	**1,258.17**	1,268.69
Payment to Local Agencies	**4,002.60**	1,938.72
Insurance	**37.78**	44.24
Legal & Professional Fees	**678.66**	929.75
Other Expenses	**–**	–
Sub-Total (b)	**30,663.34**	62,296.02
Total A (a+b)	**140,268.85**	142,360.48
Less: Closing Stock		
Closing work in progress	**79,289.42**	98,568.35
Closing Raw Material	**2,162.81**	2,156.66
Closing Stock in trade	**6,473.04**	8,880.50
Total B	**87,925.27**	109,605.51

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Capital Work-In-Progress	**–**	–
Rent, Rates & Taxes	**82.22**	103.14
Insurance	**2.92**	(0.64)
Repairs & Maintenance - Commercial Properties	**128.57**	181.04
Professional Fees	**62.73**	8.64
Brokerage	**232.70**	282.59
Advertisement, Marketing & Business Development	**1,117.64**	1,056.72
Electricity	**88.05**	48.91
Other Operating Expenses	**608.52**	300.71
Total C	**2,323.35**	1,981.11
Other Operating Expenses (A-B+C)	**54,666.93**	34,736.08

26) Employee Benefits Expense

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
(a) Salaries and wages, including bonus	**6,602.64**	5,889.44
(b) Contribution to provident and other funds	**398.11**	335.95
(c) Share based payment transactions expenses		
(1) Equity-settled share-based payments	**124.37**	90.15
(2) Cash-settled share-based payments	**–**	–
(d) Staff welfare expenses	**356.95**	400.41
Less : Allocated to projects	**(1,258.17)**	(1,268.69)
Total Employee Benefit Expense	**6,223.90**	5,447.26

Share based payment

The Company has granted options to its eligible employees under the Employee Stock Options Scheme 2006 ("ESOS 2006") and the Employee Stock Options Scheme 2012 ("ESOS 2012). The options granted under both the schemes are equity settled. The other details of the schemes are summarised below:

Where there a number of tranches of share based payments, the following table may be presented

		Number of Shares	Grant Date	Expiry Date	Exercise Price per share `	Fair value at Grant Date `
	ESOS 2006					
1	Series 1 Granted on 25th April, 2008	678,359	25-Apr-08	25-Apr-17	428	443.79
2	Series 2 Granted on 4th August, 2012	10,000	4-Aug-12	4-Aug-21	325	294.06
	ESOS 2012					
1	Series 3 Granted on 4th August, 2012	101,000	4-Aug-12	4-Aug-21	10	294.06
2	Series 4 Granted on 24th July, 2013	26,500	24-Jul-13	24-Jul-22	10	294.06
3	Series 5 Granted on 17th October, 2014	27,000	17-Oct-14	17-Oct-23	10	461.87
4	Series 6 Granted on 30th April, 2015	3,000	30-Mar-15	30-Apr-24	10	402.60
5	Series 7 Granted on 28th January, 2016	31,000	28-Jan-16	28-Jan-25	10	417.10
6	Series 8 Granted on 28th July, 2016	30,000	28-Jul-2016	28-Jul-2025	10	420.53

Movement in Share Options

	Particulars	For the year ended 31st March, 2017 Number of Shares	For the year ended 31st March, 2017 Weighted average exercise price `	For the year ended 31st March, 2016 Number of Shares	For the year ended 31st March, 2016 Weighted average exercise price `
1	The number and weighted average exercise prices of share options outstanding at the beginning of the period;	**558,380**	**336.76**	558,430	338.60
2	Granted during the period	**30,000**	**10.00**	34,000	10.00
3	Forfeited during the period	**–**	**–**	–	–
4	Exercised during the period	**(20,400)**	**10.00**	(20,950)	59.88
5	Expired during the period	**(14,550)**	**10.00**	(13,100)	10.00
6	Outstanding at the end of the period	**553,430**	**339.68**	558,380	336.76
7	Exercisable at the end of the period	**486,780**	**338.48**	467,730	398.40

Share Options Exercised in the Year

	Particulars	Number of Shares Exercised	Exercise Date	Share Price at Exercise Date `
	Equity Settled			
1	ESOS 2012 Granted on 04-Aug-2012	6,000	30-Jan-2017	356.15
2	ESOS 2012 Granted on 04-Aug-2012	600	26-Apr-2016	459.65
3	ESOS 2012 Granted on 04-Aug-2012	2,000	28-Jul-2016	457.65
4	ESOS 2012 Granted on 04-Aug-2012	6,300	27-Oct-2016	425.65
5	ESOS 2012 Granted on 24-Jul-2013	2,300	30-Jan-2017	356.15
6	ESOS 2012 Granted on 24-Jul-2013	1,200	27-Oct-2016	425.65
7	ESOS 2012 Granted on 17-Oct-2014	1,700	30-Jan-2017	356.15
8	ESOS 2012 Granted on 30-Apr-2015	300	27-Oct-2016	425.65
		20,400		

The share options outstanding at the end of the year had a range of exercise prices of ` 10 - ` 428 (as at March 31, 2016: ` 10 - ` 428), and weighted average remaining contractual life of 433 days (as at March 31, 2016: 360 days).

The Fair value has been calculated using the Black Scholes option pricing model and the significant inputs used for the valuation are as follows:

	25th April 2008	4th August 2012	4th August 2012	24th July 2013	17th October 2014	30th April 2015	28th January 2016	28th July 2016
Share price at grant date	` 443.79	` 324.14	` 324.14	` 454.09	` 516.08	` 467.60	` 482.25	` 450.60
Exercise price	` 428.00	` 325.00	` 10.00	` 10.00	` 10.00	` 10.00	` 10.00	` 10.00
Expected volatility	66.76% – 70.65%	44.15% – 59.61%	44.15% – 59.61%	47.63%	26.68% – 43.74%	26.11% – 37.68%	27.17% – 30.20%	26.98% – 28.17%
Expected life/Option Life	3.5 – 6.5 Years	3.5 – 6.5 Years	3.5 – 6.5 Years	6 – 9 Years	3.5 – 6.5 Years	3.5 – 6.5 Years	3.5 – 6.5 Years	3.5 – 6.5 Years
Expected dividends yield	0.33%	1.38%	1.38%	1.31%	2.28%	2.57%	2.49%	1.31%
Risk-free interest rate	7.79% – 8.15%	8.06% – 8.20%	8.06% – 8.20%	8.31% – 8.39%	8.49% – 8.52%	7.69% – 7.74%	7.43% – 7.73%	6.88% – 7.14%

27) Finance Cost

	Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
(a)	Interest on term loans, bonds and debentures*	**5,473.84**	6,458.95
(b)	Interest on other loans*	**–**	19.23
(c)	Finance charges	**446.15**	485.34
(d)	Less: Allocated to projects	**(2,723.05)**	(2,267.69)
	Total finance costs	**3,196.94**	4,695.83

*** Analysis of Interest Expenses by Category**

	Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
	Interest Expenses		
(a)	On Financial Liability at Amortised Cost	**5,473.84**	6,478.18
(b)	On Financial Liabilities at FVTPL	**–**	–

28) Other Expenses

	Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
(a)	Power & Fuel	**48.58**	42.24
(b)	Rent, Rates & Taxes	**636.45**	582.73
(c)	Insurance	**23.82**	23.01
(d)	Repairs and maintenance - Buildings	**0.41**	276.90
(e)	Repairs and maintenance - Others	**120.11**	7.71
(f)	Advertisement, Marketing & Business Development	**381.88**	188.06
(g)	Travelling and Conveyance Expenses	**508.38**	550.19
(h)	Expenditure on corporate social responsibility (CSR) under section 135 of the Companies Act, 2013.	**481.48**	244.23
(i)	Donations and Contributions#	**10.00**	–
(j)	Auditors remuneration and out-of-pocket expenses		
	(i) As Auditors	**21.21**	27.19
	(ii) For Taxation matters	**2.25**	4.79
	(iii) For Other services	**6.24**	8.83
	(iv) For reimbursement of expenses	**2.68**	0.96
(k)	Other expenses		
	(i) Legal and other professional costs	**767.13**	696.49
	(ii) Printing & Stationery	**71.32**	87.79
	(iii) Communication	**138.21**	126.18
	(iv) Others	**522.76**	354.65
	Total Other Expenses	**3,742.91**	3,221.95

Donation & Contribution to New Democratic Electoral trust (Incorporated as a section 8 Company under the Companies Act, 2013) Regd Office: 3rd Floor, Cecil Court, Plot 24/26, Mahakavi Bhushan Road, Regal Cinema, Colaba, Mumbai 400001 CIN:- U74120MH2014NPL258367

29) Income Taxes

(a) Income Tax recognised in profit or loss

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Current Tax:		
In respect of current year	**2,349.39**	3,709.29
Deferred Tax:		
In respect of current year origination and reversal of temporary differences		
Adjustment due to Provision	**(81.88)**	(23.02)
40a(ia) disallowance	**–**	80.15
Difference between book and tax base of Fixed assets	**(105.95)**	(6.30)
Others (Due to IND AS Adjustment)	**–**	69.24
	(187.83)	120.07
Total income tax expense on continuing operations	**2,161.56**	3,829.36

(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	**7,055.21**	11,657.41
Income tax expense calculated at 34.608% (2016: 34.608%)	**2,441.67**	4,034.40
Effect of income that is exempt from taxation	**(433.64)**	(370.59)
Effect of expenses that is non-deductible in determining taxable profit	**341.36**	45.49
Changes in recognised deductible temporary differences	**(187.83)**	120.06
Changes in estimates related to prior years	**2,161.56**	3,829.36
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	**2,161.56**	3,829.36

30) Earnings per Share

Particulars	For the year ended 31st March, 2017 `	For the year ended 31st March, 2016 `
	Per Share	Per Share
Basic Earnings per share		
From continuing operations	**11.92**	19.08
From discontinuing operations	**–**	–
Total basic earnings per share	**11.92**	19.08
Diluted Earnings per share		
From continuing operations	**11.90**	19.01
From discontinuing operations	**–**	–
Total diluted earnings per share	**11.90**	19.01

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 31st March 2017	For the year ended 31st March, 2016
Profit/(loss) for the year attributable to owners of the Company	**4,893.65**	7,828.05
Less: Preference dividend and tax thereon	**–**	–
Profit/(loss) for the year used in the calculation of basic earnings per share	**4,893.65**	7,828.05
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	**4,893.65**	7,828.05
Weighted average number of equity shares	**41,040,742**	41,021,975
Earnings per share from continuing operations - Basic (`)	**11.92**	19.08

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 31st March 2017	For the year ended 31st March, 2016
Profit/(loss) for the year used in the calculation of basic earnings per share	**4,893.65**	7,828.05
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	**4,893.65**	7,828.05
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	**4,893.65**	7,828.05

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 31st March, 2017	For the year ended 31st March, 2016
Weighted average number of equity shares used in the calculation of Basic EPS	**41,040,742**	41,021,975
Add: Effect of Warrants		
ESOPs	**95,490**	145,784
Weighted average number of equity shares used in the calculation of Diluted EPS	**41,136,232**	41,167,759
Diluted earnings per share (`)	**11.90**	19.01

31) **Financial Instruments**

Capital management

The Company's capital management objectives are:

– safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders

– maintain an optimal capital structure to reduce the cost of capital

The Management of the Company monitors the capital structure using debt ratio which is determined as the proportion of total debt to total equity.

Debt-to-equity ratio are as follows:

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Debt (A)	**56,377**	69,089	49,883
Equity (B)	**149,280**	147,154	141,866
Debt Equity Ratio (A/B)	**0.38**	0.47	0.35

Categories of financial assets and financial liabilities

As at 31st March, 2017

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	**65,829.18**	–	–	**65,829.18**
Loans	**1,764.58**	–	–	**1,764.58**
Other Financial Assets				
- Non Derivative Financial Assets	**20.52**	–	–	**20.52**
Current Assets				
Investments	–	**14,563.37**	–	**14,563.37**
Trade Receivables	**5,929.69**	–	–	**5,929.69**
Other Bank Balances	**652.98**	–	–	**652.98**
Loans	**24,453.20**	–	–	**24,453.20**
Other Financial Assets				
- Non Derivative Financial Assets	**12,315.73**	–	–	**12,315.73**
Non-current Liabilities				
Borrowings	**19,981.00**	–	–	**19,981.00**
Other Financial Liabilities				
- Non Derivative Financial Liabilities	**5,096.88**	–	–	**5,096.88**
Current Liabilities				
Borrowings	**18,896.19**	–	–	**18,896.19**
Trade Payables	**22,309.33**	–	–	**22,309.33**
Other Financial Liabilities				
- Non Derivative Financial Liabilities	**25,573.85**	–	–	**25,573.85**

As at 31st March, 2016

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	57,506.14	–	–	57,506.14
Loans	3,681.56	–	–	3,681.56
Other Financial Assets				
- Non Derivative Financial Assets	75.66	–	–	75.66
Current Assets				
Investments	–	20,114.76	–	20,114.76
Trade Receivables	5,095.98	–	–	5,095.98
Other Bank Balances	783.19	–	–	783.19
Loans	21,084.63	–	–	21,084.63
Other Financial Assets				
- Non Derivative Financial Assets	7,702.59	–	–	7,702.59
Non-current Liabilities				
Borrowings	37,441.74	–	–	37,441.74
Other Financial Liabilities				
- Non Derivative Financial Liabilities	8,186.02	–	–	8,186.02
Current Liabilities				
Borrowings	19,147.12	–	–	19,147.12
Trade Payables	21,090.89	–	–	21,090.89
Other Financial Liabilities	–	–		–
- Non Derivative Financial Liabilities	20,201.18	–	–	20,201.18

As at 1st April, 2015

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	57,339.78	–	–	57,339.78
Loans	25,631.56	–	–	25,631.56
Other Financial Assets				
- Non Derivative Financial Assets	111.15	–	–	111.15
Current Assets				
Investments	–	–	–	–
Trade Receivables	1,552.42	–	–	1,552.42
Other Bank Balances	773.81	–	–	773.81
Loans	28,411.74	–	–	28,411.74
Other Financial Assets				
- Non Derivative Financial Assets	11,731.27	–	–	11,731.27
Non-current Liabilities				
Borrowings	49,883.19	–	–	49,883.19
Other Financial Liabilities				
- Non Derivative Financial Liabilities	5,189.71	–	–	5,189.71
Current Liabilities				
Borrowings	–	–	–	–
Trade Payables	14,543.95	–	–	14,543.95
Other Financial Liabilities				
- Non Derivative Financial Liabilities	7,314.31	–	–	7,314.31

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 factor.

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. Credit risk arises from cash and cash equivalents, investments carried at amortised cost, deposits with banks and financial institutions as well as credit exposures to customers including outstanding receivables.

Trade Receivables:

The Companys trade receivables include receivables on sale of residential flats and rent receivable. As per the Company's flat handover policy, a flat is handed over to a customer only upon payment of entire amount of consideration. The rent receivables are secured by security deposits obtained under the lease agreement. Thus, the Company is not exposed to any credit risk on receivables from sale of residential flats and rent receivables.

Balances with Banks, mutual funds and other financial assets:

For banks and financial institutions, only high rated banks/institutions are accepted. The Company holds cash and cash equivalents with bank and financial institution counterparties, which are having highest safety ratings based on ratings published by various credit rating agencies. The Company considers that its cash and cash equivalents have low credit risk based on external credit ratings of the counterparties.

Disclose - Amount of maximum Exposure to Credit Risk of Each/Company of financial asset where impairment as per Ind AS 109 is not applied.

The Company holds mutual funds with financial institution counterparties, which are having highest safety ratings based on ratings published by various credit rating agencies. The Company considers that its mutual funds have low credit risk based on external credit ratings of the counterparties.

For other financial assets, the Company assesses and manages credit risk based on reasonable and supportive forward looking information. The Company does not have significant credit risk exposure for these items.

LIQUIDITY RISK

(i) Liquidity risk management

The Company 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**	**3–5 Years**
Non-derivative financial liabilities			
31-Mar-17			
Non-interest bearing			
Trade Payable	**22,309.33**	**–**	**–**
Short Term Borrowing		**–**	**–**
Short Term Borrowing - Principal	**18,896.19**		
Long Term Borrowing			
Long Term Borrowing - Principal	**–**	**20,000.00**	**–**
Long Term Borrowing - Interest	**5,290.30**	**5,055.65**	**–**
Current Maturity of Long Term Debt			
Current Maturities - Principal	**17,500.00**	**–**	**–**
Other Current Financial Liability	**427.32**	**–**	**–**
Total	**64,423.14**	**25,055.65**	**–**

Particulars	**Less than 1 Year**	**1–3 Years**	**3–5 Years**
31st March, 2016			
Non-interest bearing			
Trade Payable	23,981.10	–	–
Short Term Borrowing			
Short Term Borrowing - Principal	19,147.12	–	–
Long Term Borrowing			
Long Term Borrowing - Principal	–	37,500.00	–
Long Term Borrowing - Interest	–	10,345.94	–
Current Maturity of Long Term Debt			
Current Maturities - Principal	12,500.00	–	–
Current Maturities - Interest	2,993.64	–	–
Other Current Financial Liability	4,498.71	–	–
Other Payable	6,699.27	–	–
Total	69,819.84	47,845.94	–
1st April, 2015			
Trade Payable	23,494.51	–	–
Long Term Borrowing - Principal	–	50,000.00	–
Long Term Borrowing - Interest	–	17,828.26	–
Current Maturities - Interest	3,016.44	–	–
Other Non Current Financial Liability	7,432.31	–	–
Other Payable	10,772.24	–	–
Total	44,715.50	67,828.26	–

(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**	As at 31st March, 2016	As at 1st April, 2015
Secured Bank Overdraft facility			
- Expiring within one year	**10,978.00**	7,852.88	–
Secured Bank Guarantee Limit			
- Expiring within one year	**314.00**	1,194.53	333.86
Secured Letter of Credit (sub limit of Bank Guarantee)			
- Expiring within one year	**–**	–	880.85
	11,292.00	9,047.41	1,214.71

(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**
Non-derivative financial assets			
31st March, 2017			
Non Current Investment	**65,829.18**	**–**	**–**

Particulars	Less than 1 Year	1–3 Years	3 Years to 5 Years
Current Investment	**14,563.37**	**–**	**–**
Trade Receivable	**5,929.69**	**–**	**–**
Non Current Intercorporate Deposit	**–**	**–**	**1,764.58**
Current Intercorporate Deposit	**2,000.00**	**–**	**–**
Other Loan & Advances	**19,006.01**	**–**	**–**
Other Current Assets	**22,906.91**	**–**	**–**
Fixed Deposit	**–**	**20.52**	
Security Deposits	**3,447.19**	**–**	**–**
Total	**133,682.35**	**20.52**	**1,764.58**
31st March, 2016			
Non Current Investment	57,339.79	–	–
Current Investment	20,114.76	–	–
Trade Receivable	5,095.98	–	–
Non Current Intercorporate Deposit	–	–	3,681.56
Current Intercorporate Deposit	2,207.64	–	–
Other Loan & Advances	18,873.81	–	–
Other Current Assets	10,246.59	–	–
Fixed Deposit	–	75.66	–
Total	113,878.57	75.66	3,681.56
1st April, 2015			
Non Current Investment	57,339.79	–	–
Current Investment	–	–	–
Trade Receivable	1,552.42	–	–
Cash & Cash Equivalent	3,878.72	–	–
Non Current Intercorporate Deposit	21,970.00	–	3,661.56
Current Intercorporate Deposit	2,000.00	–	–
Other Loan & Advances	26,411.74	–	–
Other Current Assets	12,017.82	–	–
Fixed Deposit		111.15	–
Total	125,170.49	111.15	3,661.56

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.

Currency Risk

Foreign currency risk is the risk that the fair value or the future cash flows of an exposure will fluctuate because of changes in the foreign exchange rate. The Company undertakes transactions denominated in foreign currencies only for the purchases of the components which are required to carry out the construction activities. 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.

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 floating rate loans and borrowings.

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, 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**	**(7.61)**
	INR	**–100**	**1.16**
31-Mar-16	INR	+100	(2.59)
	INR	–100	2.59

32) Fair Value Measurement

Fair Valuation Techniques and Inputs used - recurring Items

Financial assets/financial liabilities measured at Fair value	31st March, 2017	31st March, 2016	Fair value as at 1st April, 2015	Fair value hierarchy	Valuation technique(s) and key input(s)
Financial assets					
Investments					
1) Mutual fund investments	**14,563.37**	20,114.76		Level 1	NAV
Total financial assets	**14,563.37**	20,114.76	–		
Financial liabilities					
Total financial liabilities	**–**	–	–		

Financial assets and financial liabilities that are not measured at fair value

Particulars	As at 31st March, 2017 Carrying amount	As at 31st March, 2017 Fair value	As at 31st March, 2016 Carrying amount	As at 31st March, 2016 Fair value	As at 1st April, 2015 Carrying amount	As at 1st April, 2015 Fair value
Financial assets						
Financial assets carried at Amortised Cost						

Particulars	As at 31st March, 2017 Carrying amount	Fair value	As at 31st March, 2016 Carrying amount	Fair value	As at 1st April, 2015 Carrying amount	Fair value
– investments	**65,829.18**		57,506.15		57,339.79	
– loans to related parties	**1,764.58**		3,681.56		25,631.56	
– Fixed Deposit	**20.52**		75.66		111.15	
– Trade and other receivables	**5,929.69**		5,095.98		1,552.42	
– Cash and cash equivalents	**4,616.91**		12,034.68		3,878.72	
– Other Bank Balance	**652.98**		783.19		773.81	
– Short Term Loans	**24,453.20**		21,084.63		28,411.74	
– Other Current Financial	**12,315.73**		7,702.59		11,731.27	
Total	**115,582.81**		107,964.44		129,430.46	
Financial liabilities						
Financial liabilities held at amortised cost						
– Non Current Borrowing	**19,981.00**		37,441.74		49,883.19	
– Other Long Term Financial Liability	**5,096.88**		8,186.02		5,189.71	
– Short Term Borrowing	**18,896.19**		19,147.12		–	
– Trade Payable	**22,309.33**		21,090.89		14,543.95	
– Other Current Financial Liability	**25,573.85**		20,201.18		7,314.31	
Total	**91,857.25**		106,066.95		76,931.16	

Fair value hierarchy as at 31st March, 2017

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
Investments in debt instruments	–	**65,829.18**	–	**65,829.18**
Loans to related parties	–	**1,764.58**	–	**1,764.58**
Other Non Current Financial Assets	–	**20.52**	–	**20.52**
Trade and other receivables	–	**5,929.69**	–	**5,929.69**
Cash and cash equivalents	–	**4,616.91**	–	**4,616.91**
Other Bank Balance	–	**652.98**	–	**652.98**
Short Term Loans	–	**24,453.20**	–	**24,453.20**
Other Current Financial assets	–	**12,315.73**	–	**12,315.73**
Total	–	**115,582.81**	–	**115,582.81**
Financial liabilities				
Financial Instruments not carried at Fair Value				
Non Current Borrowing	–	**19,981.00**	–	**19,981.00**
Other Long Term Financial Liability	–	**5,096.88**	–	**5,096.88**
Short Term Borrowing	–	**18,896.19**	–	**18,896.19**
Trade Payable	–	**22,309.33**	–	**22,309.33**
Other Current Financial Liability	–	**25,573.85**	–	**25,573.85**
Total	–	**91,857.25**	–	**91,857.25**

Fair value hierarchy as at 31st March, 2016

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
Investments in debt instruments	–	57,506.15	–	57,506.15
Loans to related parties	–	3,681.56	–	3,681.56
Other Non Current Financial Assets	–	75.66	–	75.66
Trade and other receivables	–	5,095.98	–	5,095.98
Cash and cash equivalents	–	12,034.68	–	12,034.68
Other Bank Balance	–	783.19	–	783.19
Short Term Loans	–	21,084.63	–	21,084.63
Other Current Financial	–	7,702.59	–	7,702.59
Total	–	107,964.44	–	107,964.44
Financial liabilities				
Financial Instruments not carried at Fair Value				
Non Current Borrowing	–	37,441.74	–	37,441.74
Other Long Term Financial Liability	–	8,186.02	–	8,186.02
Short Term Borrowing	–	19,147.12	–	19,147.12
Trade Payable	–	21,090.89	–	21,090.89
Other Current Financial Liability	–	20,201.18	–	20,201.18
Total	–	106,066.95	–	106,066.95

	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 debt instruments	–	57,339.79	–	57,339.79
Loans to related parties	–	25,631.56	–	25,631.56
Other Non Current Financial Assets	–	111.15	–	111.15
Current Investment				
Trade and other receivables	–	1,552.42	–	1,552.42
Cash and cash equivalents	–	3,878.72	–	3,878.72
Other Bank Balance	–	773.81	–	773.81
Short Term Loans	–	28,411.74	–	28,411.74
Other Current Financial	–	11,731.27	–	11,731.27
Total	–	129,430.46	–	129,430.46
Financial liabilities				
Financial Instruments not carried at Fair Value				
Non Current Borrowing	–	49,883.19	–	49,883.19
Other Long Term Financial Liability	–	5,189.71	–	5,189.71
Trade Payable	–	14,543.95	–	14,543.95
Other Current Financial Liability	–	7,314.31	–	7,314.31
Total	–	76,931.16	–	76,931.16

Note: The Group has not disclosed the fair value for financial instruments, because the carrying amounts are a reasonable approximation of fair value.

33) Leases

Particulars	**For the year ended 31st March, 2017**	For the year ended 31st March, 2016	For the year ended 1st April, 2015
Details of leasing arrangements			
The company's significant leasing arrangement are in respect of operating leases for Commercial & Residential premises.			
As Lessor			
Operating Lease			
The Company has entered into operating lease arrangements for Mahindra Towers, Delhi and GE Plaza, Pune. The lease is non-cancellable for a period of 1 to 5 years and may be renewed for a further period of 1 year based on mutual agreement of the parties.			
Future minimum lease payments			
not later than one year	**5.64**	2.79	1506.16
later than one year and not later than five years	**–**	–	7.08
later than five years	**–**	–	–
As Lessee			
Operating Lease			
The Company has entered into operating lease arrangements for Worli Office. The lease is non-cancellable for a period of 1 to 5 years and may be renewed for a further period of 1 year based on mutual agreement of the parties.			
Future Non-Cancellable minimum lease commitments			
not later than one year	**166.25**	142.40	114.28
later than one year and not later than five years	**37.32**		
later than five years	**–**	–	–
Expenses recognised in the Statement of Profit and Loss			
Minimum Lease Payments	**531.84**	499.18	466.46

34) Segment information

As per Ind AS 108 'Operating Segment', the Company has reported Segment Information for below segments :

i) **Operating of Commercial Complexes:** This Segment of the business includes rental income from commercial properties at Gurgaon and Pune.

ii) **Projects, Project Management & Development:** This Segment of the business includes income from sale of residential units across projects, project management and development in India.

For the purpose of this, the Managing Director & CEO is the Chief Operating Decision Maker

	Year ended 31st March, 2017				
Particulars	**Operating of Commercial Complexes**	**Projects, Project Management & Development**	**Total Segments**	**Adjustment & Eliminations**	**Total**
Revenue					
External customers	**2,018.71**	**66,036.67**	**68,055.38**	**–**	**68,055.38**
Inter-segment					
Total revenue	**2,018.71**	**66,036.67**	**68,055.38**	**–**	**68,055.38**
Income/(Expenses)					
Depreciation and amortisation	**(50.31)**	**(106.95)**	**(157.26)**	**(277.07)**	**(434.32)**
Income tax expense or income			**–**	**(2,161.56)**	**(2,161.56)**
Interest income		**142.18**	**142.18**	**5,354.89**	**5,497.08**
Interest expense		**(0.01)**	**(0.01)**	**(3,196.95)**	**(3,196.94)**

Particulars	Operating of Commercial Complexes	Projects, Project Management & Development	Total Segments	Adjustment & Eliminations	Total
					Year ended 31st March, 2017
Segment profit	**1,951.46**	**11,351.23**	**13,302.69**	**(8,409.04)**	**4,893.65**
Total assets	**1,789.57**	**199,752.90**	**201,542.47**	**44,522.32**	**246,064.79**
Total liabilities	**689.60**	**83,902.00**	**84,591.60**	**12,193.47**	**96,785.07**

Particulars	Operating of Commercial Complexes	Projects, Project Management & Development	Total Segments	Adjustment & Eliminations	Total
					Year ended 31st March, 2016
Revenue					
External customers	2,018.95	48,192.34	50,211.29	–	50,211.29
Inter-segment			–		
Total revenue	2,018.95	48,192.34	50,211.29	–	50,211.29
Income/(Expenses)					
Depreciation and amortisation	(50.31)	(61.16)	(111.47)	(284.30)	(395.77)
Income tax expense or income			–	(3,825.48)	(3,825.48)
Interest income	122.02		122.02	8,295.13	8,417.15
Interest expense	–	(1.39)	(1.39)	(4,694.44)	(4,695.83)
Segment profit	1,920.74	13,497.19	15,417.93	(7,589.88)	7,828.05
Total assets	2,003.00	200,118.44	202,121.44	57,290.20	259,411.64
Total liabilities	560.00	97,206.00	97,766.00	14,491.14	112,257.14

Reconciliation of profit	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Segment profit	**13,302.69**	15,417.93
Finance income	**5,354.89**	8,295.13
Other finance costs	**(3,196.95)**	(4,694.44)
Depreciation	**(277.07)**	(284.30)
Employee Benefit Expenses	**(5,820.35)**	(5,024.02)
Other Income	**1,435.32**	1,184.83
Other Expenses	**(3,743.32)**	(3,237.72)
Profit before tax and discontinued operations	**7,055.21**	11,657.41

Reconciliation of assets	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Segment operating assets ...	**201,542.47**	202,121.44	173,421.11
PPE	**1,065.24**	1,046.63	1,171.16
Investments	**14,563.37**	20,114.75	–
Cash & Cash equivalents	**4,616.91**	12,034.68	3,214.47
Other financial assets	**12,336.26**	10,322.22	12,129.19
Loan	**10,281.93**	10,788.12	32,387.91
Bank balances	**652.98**	783.19	773.81
Non Current Tax Assets	**1,005.63**	2,200.60	1,859.41
Total assets	**246,064.79**	259,411.63	224,957.06

Reconciliation of liabilities	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Segment operating liabilities	**84,591.60**	97,766.00	71,074.62
Deferred tax liabilities	**169.49**	321.87	201.80
Provisions	**1,110.34**	874.76	1,047.94
Trade Payables	**2,604.28**	1,905.40	2,720.15
Other Financial liabilities	**8,112.98**	11,389.11	8,046.21
Other Current liabilities	**196.39**	–	–
Total liabilities	**96,785.08**	112,257.14	83,090.72

Geographic information	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Revenue from external customers		
India	**68,055.38**	50,211.00
Outside India		–
Total revenue per consolidated statement of profit or loss	**68,055.38**	50,211.00

Non-current operating assets:	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
India	**3,232.71**	3,314.90	3,405.83
Outside India	**–**	–	–
Total	**3,232.71**	3,314.90	3,405.83

Non-current assets for this purpose consist of property, plant and equipment, investment properties and intangible assets.

35) Employee benefits

(a) Defined Contribution Plan

The Company's contribution to Provident Fund and Superannuation Fund aggregating ` 347.56 lakh (2016 : `131.47 lakh) 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.

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)	**6.68%**	7.46%	7.77%
Expected rate(s) of salary increase......................................	**6.00%**	6.00%	6.00%
Attrition Rate	**5.00%**	5.00%	5.00%
Mortality......................................	**IALM (2006-08) ULT.**	IALM (2006-08) ULT.	IALM (2006-08) ULT.

Retirement age of the employees is assumed to be 60 years.

Defined benefit plans – as per actuarial valuation on 31st March, 2017

	Funded 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	**72.05**	71.98
Past service cost and (gains)/losses from settlements	–	–
Net interest expense	**8.51**	10.58
Components of defined benefit costs recognised in profit or loss	**80.55**	82.56
Remeasurement on the net defined benefit liability		
Return on plan assets (excluding amount included in net interest expense)	**(1.02)**	(2.35)
Actuarial (gains)/loss arising form demographic assumptions	–	(36.74)
Actuarial (gains)/loss arising form changes in financial assumptions	**28.74**	12.56
Actuarial (gains)/loss arising form experience adjustments	**(131.47)**	(78.21)
Components of defined benefit costs recognised in other comprehensive income	**(103.75)**	(104.74)
Total	**(23.20)**	(22.18)
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March		
1. Present value of defined benefit obligation as at 31st March	**261.50**	271.91
2. Fair value of plan assets as at 31st March	**170.67**	157.87
3. Surplus/(Deficit) (2-1)	**(90.84)**	(114.04)
4. Current portion of the above	**(4.23)**	(5.59)
5. Non current portion of the above (3-4)	**(86.60)**	(108.44)
II. Change in the obligation during the year ended 31st March		
1. Present value of defined benefit obligation at the beginning of the year	**271.91**	280.52
2. Add/(Less) on account of Scheme of Arrangement/Business Transfer	–	–
3. Expenses Recognised in Profit and Loss Account		
- Current Service Cost	**72.05**	71.98
- Past Service Cost	–	–
- Interest Expense (Income)	**20.28**	21.80
4. Recognised in Other Comprehensive Income		
Remeasurement gains/(losses)		
- Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions	–	(36.74)
ii. Financial Assumptions	**28.74**	12.56
iii. Experience Adjustments	**(131.47)**	(78.21)
5. Benefit payments	–	–
6. Others (Specify)	–	–
7. Present value of defined benefit obligation at the end of the year	**261.50**	271.91
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	**157.88**	121.64
2. Add/(Less) on account of Scheme of Arrangement/Business Transfer	–	22.67
3. Expenses Recognised in Profit and Loss Account		
- Expected return on plan assets	**12.79**	13.57
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	**170.67**	157.88
IV. The Major categories of plan assets		
- Insurer managed funds (Non quoted value)	**170.67**	157.88

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**	**1.00%**	**225.44**	**305.72**
	2016	1.00%	234.04	318.32
	2015	1.00%	256.08	309.00
Salary growth rate	**2017**	**1.00%**	**291.80**	**234.25**
	2016	1.00%	300.82	244.43
	2015	1.00%	299.39	262.95

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 Company expects to contribute ` 4.23 lakh to the gratuity trusts during the next financial year of 2018.

Maturity profile of defined benefit obligation:

	2017	2016	2015
Within 1 year	**4.23**	5.59	158.88
1 - 2 year	**19.23**	9.27	39.86
2 - 3 year	**19.93**	23.48	58.92
3 - 4 year	**11.68**	26.07	92.57
4 - 5 year	**13.57**	18.07	103.23
5 - 10 years	**113.06**	146.22	398.47

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:			
Deposits with Insurance companies	**100%**	100%	100%
	100%	100%	100%

The weighted average duration of the defined benefit obligation as at 31 March 2017 is 35.39 years (2016: 35.10 years, 2015: 35.19 years).

VIII. Experience Adjustments :

		Period Ended **2017**	2016	2015	2014	2013
		Gratuity				
1.	Defined Benefit Obligation	**261.50**	271.91	280.52	207.20	121.66
2.	Fair value of plan assets	**170.67**	157.87	121.64	148.92	111.18
3.	Surplus/(Deficit)	**(90.84)**	(114.03)	(158.88)	(58.29)	(10.48)
4.	Experience adjustment on plan assets [Gain/(Loss)]	**1.02**	2.35	(11.56)	(6.41)	(8.86)

36) Related Party Transactions

List of related parties

Enterprises Controlling the company

Mahindra & Mahindra Limited

Subsidiaries

Mahindra Infrastructure Developers Limited

Mahindra Residential Developers Limited

Mahindra World City (Maharashtra) Limited

Mahindra Integrated Township Limited

Raigad Industrial & Business Park Limited

Industrial Township (Maharashtra) Limited

Anthurium Developers Limited

Deepmangal Developers Private Limited

Kismat Developers Private Limited

Topical Builders Private Limited

Knowledge Township Limited

Industrial Cluster Private Limited (Earlier known as Mahindra Housing Private Limited)

Joint Ventures

Mahindra World City Developers Limited

Mahindra World City (Jaipur) Limited

Mahindra Bebanco Developers Limited

Mahindra Homes Private Limited (earlier known as Watsonia Developers Private Limited and before that Watsonia Developers Limited)

Fellow subsidiaries

Mahindra Consulting Engineers Limited

Bristlecone India Limited

EPC Industries Limited

Mahindra Integrated Business Solutions Private Limited

Mahindra & Mahindra Contech Limited

Mahindra Holidays & Resorts India Limited

NBS International Limited

Mahindra First Choice Wheels Limited

key managerial personnel

Managing Director and Chief Executive Officer - Ms. Anita Arjundas

Enterprises over which key managerial personnel are able to exercise significant influence: Nil

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:

Particulars	For the year ended	Parent Company	Subsidiaries	Joint ventures	Other related parties
Sale of goods	**31-Mar-17**	**–**	**–**	**–**	**–**
	31-Mar-16	*1,132.00*	–	–	–
Rendering of services	**31-Mar-17**	**1,967.51**	**841.28**	**1,276.75**	**–**
	31-Mar-16	*1,967.51*	*895.29*	*1,383.83*	–
Receiving of services	**31-Mar-17**	**717.22**	**438.19**	**–**	**120.29**
	31-Mar-16	*407.68*	*435.75*	–	*108.93*
Reimbursement made to parties	**31-Mar-17**	**154.78**	**7.61**	**0.86**	**3.44**
	31-Mar-16	*380.84*	–	*1.04*	–
Reimbursement received from parties	**31-Mar-17**	**–**	**–**	**13.08**	**–**
	31-Mar-16	–			
Loans given	**31-Mar-17**	**–**	**9,901.00**	**–**	**–**
	31-Mar-16	–	*20.00*	–	–
ICD Refunded	**31-Mar-17**	**–**	**–**	**–**	**–**
	31-Mar-16	–	*5,825.00*	*16,200.00*	–
Interest Received	**31-Mar-17**	**–**	**46.93**	**4,707.36**	**–**
	31-Mar-16		*319.35*	*7,635.85*	–
Dividend Paid	**31-Mar-17**	**1,250.77**	**–**	**–**	**–**
	31-Mar-16	*1,250.77*	–	–	–
Dividend Income	**31-Mar-17**	**–**	**–**	**824.44**	**–**
	31-Mar-16	–	–	*807.00*	–
Purchase of shares	**31-Mar-17**	**–**	**–**	**41.13**	**–**
	31-Mar-16	–	–	–	–
Purchase of Fixed Assets	**31-Mar-17**	**–**	**21.65**	**–**	**–**
	31-Mar-16	–	–	–	–

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

	Balance as on	Parent Company	Subsidiaries	Joint ventures	Other related parties
Receivable	**31-Mar-17**	**2,833.12**	**13,293.92**	**45,573.83**	**4.32**
	31-Mar-16	2,427.88	3,570.33	40,902.91	2.46
	31-Mar-15	2,173.98	9,676.64	60,548.88	2.46
Payables	**31-Mar-17**	**714.67**	**–**	**–**	**15.87**
	31-Mar-16	680.59	–	–	65.42
	31-Mar-15	839.95	–	–	6.86

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 Group 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.

Compensation of key managerial personnel

The remuneration of key managerial personnel during the year was as follows:

	As at 31st March, 2017	As at 31st March, 2016
Short-term employee benefits	**231.43**	232.25
Post-employment benefits	**26.99**	26.99
Other long-term benefits	**–**	–
Termination benefits	**–**	–
Share-based payment	**11.63**	22.18
	270.05	281.42

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

Below table shows remuneration paid to directors:

Name	Designation	31st March, 2017	31st March, 2016
Mr. Arun Nanda	Non-executive Non-Independent Chairman	**51.15**	95
Mr. Sanjiv Kapoor	Non-executive Independent Director	**20.6**	21.9
Mr. Shailesh Haribhakti	Non-executive Independent Director	**20.6**	23.5
Mr. Prakash Hebalkar	Non-executive Independent Director	**20**	18.1
Mr. Bharat Shah	Non-executive Independent Director	**11.3**	–
Mr. Anil Harish	Non-executive Independent Director	–	5.1
Mr. Anish Shah	Non-executive Non-independent Director	**NA**	NA

37) Contingent liabilities

Particulars	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			
(i) Claims awarded by the Arbitrator to a civil contractor in respect of a project at Mumbai and the Company's appeal against the award has been admitted by the Mumbai High Court.	**93.89**	93.89	93.89
(ii) Demand from local authorities for transfer fees on transfer of property, disputed by the Company.	**123.99**	123.99	123.99
(iii) Demand from a local authority for energy dues disputed by the Company.	**2,164.04**	2,164.04	2,164.04
(iv) Claim from welfare association in connection with project work, disputed by the Company.	**4,500.00**	4,500.00	4,500.00
(b) Income Tax Matter under appeal			
In respect of certain business incomes re-classified by the Income tax Department as income from house property and other disallowances, the Company has partially succeeded in appeal and is pursuing the matter further with the higher appellate authorities.	**421.57**	421.57	584.53

38) 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	Notes	As at 31st March, 2016	As at 1st April, 2015
Equity as reported under previous GAAP		140,094.59	132,313.49
Ind AS: Adjustments increase (decrease):			
NCD Redemption Premium Impact	a	10,244.56	10,244.65
Proposed Dividend & Dividend Distribution Tax	b	2,963.20	2,961.69
Others		470.00	462.68
ESOP charge based on fair value	c	(28.03)	(17.79)
NCD Interest on Effective Interest Rate	a	(6,331.37)	(3,941.10)
Deferred Tax Impact	d	(156.21)	(157.28)
Actuarial Gain/Loss - Gratuity & Leave encashment	e	(102.24)	–
Equity as reported under IND AS		147,154.50	141,866.34

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

Particulars	Notes	For the year ended 31st March, 2016
Profit or Loss as per previous GAAP		10,449.27
Ind AS: Adjustments increase/(decrease):		
Deemed Interest- ICD to Subsidiary	f	202.00
ESOP charge based on fair value	c	130.80
Discounting of provisions/liabilities	g	38.00
NCD Redemption Premium Impact	a	(2,684.02)
Gratuity gain/loss	e	(204.00)
Deferred tax on Ind AS Adjustment	d	(104.00)
Net Profit under Ind AS		7,828.05
Other comprehensive income	e	66.66
Total comprehensive income under Ind AS		7,894.71

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

Note

a Under previous GAAP, redemption on premium was charged to securites premium. Under IND AS the same is restated to Profit & Loss account.

b Under previous GAAP, Proposed Dividend and Dividend Distribution Tax was charged to Profit & Loss appropriation account. Under IND AS Proposed Dividend and Dividend Distribution Tax is given in notes as disclosure hence reversed.

c Under previous GAAP, ESOP charge is based on intrinsic value. Under IND AS ESOP charge is based on fair value.

d Deferred tax impact on IND AS adjustment.

e Under IND AS Acturial gain & loss on Gratuity is charged to OCI.

f ICD given to subsidiary for which interest was not charged under previous GAAP, Under IND AS it is considered as deemed interest.

g Under IND AS Provision and Liability is discounted.

39) Managerial Remuneration

Particulars	**For the year ended 31st March, 2017**	For the year ended 31st March, 2016
Salaries and Allowances	**231.14**	240.04
Contribution to Provident, Gratuity and Superannuation Funds	**26.99**	26.99
Perquisites (estimated monetary value)	**11.92**	14.39
Total :	**270.05**	281.42

40) Computation of Net Profit in accordance with Section 198 of the Companies Act, 2013

Particulars	**For the year ended 31st March, 2017**	For the year ended 31st March, 2016
Profit Before Tax.....................................	**7,055.21**	11,657.41
Add:		
Depreciation as per accounts	**434.32**	414.30
Managerial Remuneration	**270.05**	281.42
Loss on disposal of fixed assets not allowable as per proviso to sec 198......	**0.07**	–
Commission to Directors (Non Executive Director)	**75.00**	117.50
Director's Fees.......................................	**47.01**	46.18
Less:		
Depreciation under Companies Act.......	**346.69**	345.01
Loss on disposal of fixed assets allowable as per proviso to sec 198......	**–**	–
Profit on sale of fixed assets not allowable as per proviso to sec 198	**7.30**	0.25
Net Profit as per Sec 198 of the Companies Act, 2013	**7,527.67**	12,171.55
5% of Net Profit as computed above (for Managing Director)	**376.38**	608.58

41) 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	1.69	0.97	2.66
(+) Permitted receipts	–	5.01	5.01
(-) Permitted payments	–	4.64	4.64
(-) Amount deposited in Banks	1.69	–	1.69
Closing cash in hand as on 30.12.2016	**–**	**1.33**	**1.33**

42) Prior Period Items

No material events have occurred after the balance sheet date and upto the approval of the financial statements.

43)

In respect of real estate projects under long term contracts, determination of profits/ losses and realisability of the construction work in progress & project advances necessarily involves making estimates by the Company, some of which are of a technical nature, concerning, where relevant, the percentage of completion, costs to completion and the projections of revenues expected from projects/activity and the foreseeable losses to completion. Profit from these contracts and valuation of construction work in progress is based on such estimates.

44) Previous Period Figures

The figures for previous year have been regrouped wherever necessary to conform to current year's classification.

45) Additional Information to the Financial Statements

Dividend

In respect of the current year, the Board at its meeting held on 22nd April, 2017 has recommended a dividend of ` 6 per share on equity shares of ` 10 each subject to approval by shareholders at the Annual General Meeting. The same has not been included as a liability in these 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 ` 2,463.26 lakh. The payment of this dividend is estimated to result in payment of dividend tax of ` 290.65 lakh @ 20.36% on the amount of dividends grossed up for the related dividend distribution tax.

Disclosure as per Clause 32 of the Listing Agreements with the Stock Exchanges

Loans and advances in the nature of loans given to subsidiaries, associates, firms/companies in which directors are interested:

Name of the party	**Relationship**	**Amount outstanding as at 31 March 2017**	**Maximum balance outstanding during the year**
Kismat Developers Private Limited.......................................	**Subsidiary**	**0.78**	0.78
		(0.25)	(0.25)
Deepmangal Developers Private Limited.......................................	Subsidiary	**35.31**	35.31
		(34.42)	(34.42)
Topical Builders Private Limited	Subsidiary	**208.53**	208.53
		(207.39)	(207.39)
Moonshine Construction Pvt. Ltd.	Subsidiary	**0.50**	0.50
		–	–
Rathnabhoomi Enterprises Pvt. Ltd.	Subsidiary	**1.25**	1.25
		–	–
Mahindra Bebanco Developers Limited.......................................	Joint Venture	**1,764.56**	1,764.56
		(1,764.56)	(1,764.56)

Note: Figures in bracket relate to the previous year.

Salient Features of financial statements of Subsidiary/Associates/Joint Ventures as per Companies Act, 2013

Part "A" Subsidiaries

Name of Subsidiary	Mahindra Infra-structure Developers Limited	Mahindra World City Developers Limited	Mahindra World City Jaipur Limited	Mahindra World City (Maharashtra) Limited	Mahindra Integrated Township Limited	Knowledge Township Limited	Mahindra Residential Developers Limited	Mahindra Bebanco Developers Limited	Industrial Township (Maharashtra) Limited	Raigad Industrial & Business Park Limited	Anthurium Developers Limited	Industrial Cluster Private Limited (Earlier Known as Mahindra Housing Private Limited)	Mahindra Industrial Park Chennai Limited	Mahindra Water Utilities Private Limited	Mahindra Homes Private Limited (earlier known as Watsonia Developers Limited)
Sl. No.	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**
The date since when subsidiary acquired	14th December, 2001	22nd September, 2004	26th August, 2005	21st September, 2005	04th May, 2006	16th August, 2007	01st February, 2008	3rd June, 2008	2nd July, 2008	18th June, 2009	02nd June, 2010	29th March, 2013	22nd December, 2014	27th July, 2015	30th March, 2017
Reporting period of the subsidiary concerned, if different from the holding company's reporting period	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Reporting Currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Share capital	1,800.00	2,000.00	15,000.00	117.04	5,043.50	2,100.00	25.00	5.00	500.00	11.00	5.00	5.00	17,000.00	10.00	82.33
Reserves & surplus	(1,622.16)	10,225.09	11,009.60	(144.38)	4,264.36	1,341.10	8,985.82	1,524.15	(16.10)	(11.16)	9.56	(2.30)	556.89	5,337.35	865.39
Total assets	306.37	56,887.33	70,070.96	354.30	21,754.86	5,488.12	11,706.58	10,501.25	517.20	5.34	236.75	9,230.49	24,155.51	5,714.78	108,559.36
Total Liabilities	128.53	44,662.24	44,061.36	381.64	12,447.01	2,047.02	2,695.76	8,972.09	33.29	5.50	222.19	9,227.79	6,598.61	367.44	107,611.64
Investments	10.29	11,500.00	4,224.22	350.00	6,629.48	–	–	–	–	–	–	–	–	2.97	–
Turnover	3.08	5,858.16	17,168.61	–	6,056.72	–	1,217.52	4,898.32	–	–	2.12	–	–	1,662.15	20,127.04
Profit before taxation	(4.78)	(473.01)	6,974.86	(30.20)	1,521.38	2.88	(274.18)	1,065.68	(1.64)	(0.56)	4.75	(0.65)	(208.99)	571.67	2,470.02
Provision for taxation	(0.01)	(158.59)	2,469.37	–	151.12	–	–	395.06	–	–	–	–	–	231.52	871.85
Profit after taxation	(4.78)	(314.42)	4,505.49	(30.20)	1,370.26	2.88	(274.18)	670.62	(1.64)	(0.56)	6.87	(0.65)	(208.99)	340.15	1,598.17
Proposed Dividend	–		900.00	–	–	–	–	–	–	–	–	–	–	–	–
Extent of shareholding (%)	100.00%	89.00%	74.00%	100.00%	96.30%	100.00%	96.30%	70.00%	100.00%	100.00%	100.00%	100.00%	53.40%	99%	74.98%

Names of subsidiaries which are yet to commence operations: NA

Names of subsidiaries which have been liquidated or sold during the year: NA

Part “B”Associates/Joint Ventures

Name of Associates/Joint Ventures	ASSOCIATES			JOINT VENTURES
	Kismat Developers Private Limited	**Topical Builders Pvt. Limited**	**Mahindra Knowledge Park Mohali Limited**	**Mahindra Inframan Water Utilities Private Limited**
Latest Audited Balance Sheet Date	31st March, 2017	31st March, 2017	31st March, 2017	31st March, 2017
The date on which the Associate or Joint Venture was associated or acquired	9th September, 2013	9th September, 2013	11th December, 2012	19th January, 2004
Shares of Associate/Joint Venture held by the Company on the year end:				
No. of Shares	15	175	6	24,999
Amount of investment in Associates/ Joint Venture	150.00	1,750.00	60.00	249,990.00
Extent of Holding (%)	42.86%	50.00%	46.15%	50.00%
Description of how there is significant influence	Note a	Note a	Note a	Note a
Reason why the Associate/joint venture is not consolidated	NA	NA	NA	NA
Networth attributable to Shareholding as per latest audited Balance sheet	(22.10)	(296.09)	(53.68)	2.27
Profit/Loss for the year:				
i) Considered in Consolidation	(0.14)	(10.69)	(1.45)	(1.22)
ii) Not Considered in Consolidation	(0.19)	(10.69)	(1.69)	(1.22)

Names of Associates/Joint Venture which are yet to commence operations: NA

Mahindra Inframan Water Utilities Private Limited is the 50% Joint Ventures of Mahindra Infrastructure Developers Limited which is a 100% subsidiary of the Company. There is no direct holding in the JV by the Company

a) There is significant influence due to percentage (%) of Share Capital.

As per our Report attached hereto

For and on behalf of
B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No:44784

Mumbai : 22nd April, 2017

Suhas Kulkarni
Company Secretary

Jayantt Manmadkar
Chief Financial Officer

Mumbai : 22nd April, 2017

For and on behalf of the Board of Directors of
Mahindra Lifespace Developers Limited

Arun Nanda Chairman - DIN 00010029
Sanjiv Kapoor Director - DIN 00004005
Bharat Shah Director - DIN 00136969
Shailesh Haribhakti Director - DIN 00007347
Prakash Hebalkar Director - DIN 00370499
Anish Shah Director - DIN 02719429
Anita Arjundas Managing Director & CEO - DIN 00243215

Mumbai : 22nd April, 2017

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Sixteenth 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	**3,08,441**	4,22,983
(Loss) before Depreciation and Taxation	**(4,78,349)**	(10,05,734)
Less: Depreciation	**0**	1,260
(Loss) before Taxation	**(4,78,349)**	(10,06,994)
Less: Provision for Taxation		
Current Tax	**–**	–
(Excess) provision for tax relating to prior years	**–**	–
Deferred Tax	**(624)**	(382)
(Loss) after Taxation	**(4,77,725)**	(10,06,612)
(Loss) brought forward from previous year	**(16,17,37,816)**	(16,07,31,204)
Balance carried to Balance Sheet	**(16,22,15,541)**	(16,17,37,816)
Net Worth	**1,77,84,459**	1,82,62,184

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 en ded 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.

OPERATIONS

During the year under review, your Company's income has decreased to Rs. 3,08,441 as compared to Rs. 4,22,983 in the previous year.

Your Company is looking out for other lines of business opportunities in future.

DIVIDEND

In view of the losses, your Directors do not recommend dividend for the year under review.

RESERVES

The Company does not propose to transfer any amount to reserves.

SHARE CAPITAL

The paid up Equity Share Capital as on 31st March, 2017 was Rs. 18,00,00,000 (Rupees Eighteen Crores Only) divided into 1,80,00,000 (One Crore Eighty Lakhs) Equity Shares of Rs. 10/- each. During the year under review the Company has not issued any shares or any convertible instruments.

PERFORMANCE AND FINANCIAL POSITION OF THE JOINT VENTURE/ASSOCIATE/SUBSIDIARY COMPANY

Your Company holds 99% of the Equity Share Capital of Mahindra Water Utilities Limited, the Subsidiary Company of your Company. Your Company has Rathna Bhoomi Enterprises Private Limted as its Associate Company and Mahindra Inframan Water Utilities Private Limited as its Joint Venture Company.

A Report on the performance & financial position of the Subsidiary, Associate and Joint venture Company 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.

BOARD OF DIRECTORS

Presently the Board comprises of the following Directors:

Sr. No.	Director (DIN)	Designation	Executive/Non-Executive Director	Independent/Non Independent Director
1.	Ms. Anita Arjundas (DIN: 00243215)	Chairperson	Non-Executive Director	Non Independent Director
2.	Mr. Jayantt Manmadkar (DIN: 03044559)	Director	Non-Executive Director	Non Independent Director
3.	Mr. Vijay Khetan (DIN: 00465161)	Director	Non-Executive Director	Independent Director
4.	Mr. Sanjay Jain (DIN: 06446899)	Director	Non-Executive Director	Independent Director

Mr. Jayantt Manmadkar retires by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offers himself for re-appointment at the forthcoming Annual General Meeting.

Mr. Vijay Khetan (DIN: 00465161) and Mr. Sanjay Jain (DIN: 06446899), Independent Directors of your Company have furnished declarations that they meet the criteria of independence as provided under Section 149 of the Companies Act, 2013.

MEETINGS

The Board of Directors met four times during the year under review viz., on 25th April, 2016, 25th July, 2016, 21st October, 2016 and 18th January, 2017.

The attendance of the Directors at the meetings of the Board was as follows:

Name of Director	Number of Board Meetings Attended
Ms. Anita Arjundas	4
Mr. Vijay Khetan	2
Mr. Jayantt Manmadkar	4
Mr. Sanjay Jain	4

The Annual General Meeting of the Company was held on 25th July, 2016.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, your Directors based on the representation received from the Operating Management and after due enquiry, confirm that:

(a) in the preparation of the annual accounts, the applicable accounting standards 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 as 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 OF DIRECTORS

The Nomination and Remuneration Committee carried out an evaluation of the overall performance of each Director covering various aspects such as performance, attendance etc.

The Board of Directors of the Company also carried out an annual evaluation of overall performance of the Independent Directors.

MEETING OF INDEPENDENT DIRECTORS

The Independent Directors of the Company met once during the year on 8th December, 2016 without the presence of the Non-Independent Directors or Chief Executive Officer or Chief Financial Officer or any other Management Personnel. The Meeting was conducted in an informal and flexible manner to enable the Independent Directors to discuss matters pertaining to, inter alia, review of performance of Non-Independent Directors and the Board as a whole, assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

CODES OF CONDUCT

Your Company has in place Codes of Conduct for Corporate Governance ("the Codes") for its Directors and Senior Management Personnel and Employees. These Codes enunciate the underlying principles governing the conduct of your Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of your Company's ethos.

Your Company has for the year under review, received declarations under the Codes from the Directors, Senior Management Personnel and Employees affirming compliance with the respective Codes.

AUDIT COMMITTEE

The Audit Committee comprises of Mr. Jayantt Manmadkar, Mr. Vijay Khetan & Mr. Sanjay Jain as its Members.

The Audit Committee met Four times during the year under review viz., on 25th April, 2016, 25th July, 2016, 21st October, 2016 and 18th January, 2017.

The attendance at the meetings of the Audit Committee was as follows:

Name of Director	Number of Meetings Attended
Mr. Jayantt Manmadkar	4
Mr. Sanjay Jain	4
Mr. Vijay Khetan	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 of Mr. Vijay Khetan (Chairman), Mr. Sanjay Jain and Ms. Anita Arjundas 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 25th 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.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Provisions relating to CSR enumerated under section 135 of the Companies Act, 2013 are not applicable to your Company and accordingly, your Company is not required to have a CSR policy.

KEY MANAGERIAL PERSONNEL

Pursuant to provisions of Section 2 (51) and Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Key Managerial Personnel of your Company consists of Mr. Santosh Gupta as Chief Executive Officer, Ms. Simly Venu as Chief Financial Officer and Ms. Kinjal Vyas as Company Secretary.

STATUTORY AUDITORS

M/s. Deloitte Haskins & Sells, Chartered Accountants, Mumbai (Firm Registration Number: 117365W) retire as Auditors of the Company at the conclusion of the forthcoming Annual General Meeting (AGM).

Your Board has recommended the appointment of M/s. R. Jaitlia & Company (Firm Registration no.117246W), Chartered Accountants as Statutory Auditors in place of M/s Deloitte Haskins & Sells to hold office for a period of 5 years from the conclusion of the ensuing Annual General meeting till the conclusion of the 21st Annual General meeting of the Company.

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. R. Jaitlia & Company, Chartered Accountants, Mumbai to the effect that their appointment is in conformity with the conditions and criteria specified in the said sections.

The members are requested to appoint M/s. R. Jaitlia & Company, Chartered Accountants as Statutory Auditors for a period of 5 years to hold office from the conclusion of forthcoming AGM till the conclusion of 21st Annual General meeting and fix their remuneration.

The Auditor's Report does not contain any qualification, reservation or adverse remark.

REPORTING OF FRAUDS

During the year under review, the Statutory Auditors have not reported any instances of frauds committed in the Company by its officers or employees to the Audit Committee under section 143 (12) of the Companies Act, 2013 details of which needs to be mentioned in this report.

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

The particulars relating to the energy conservation, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished as **Annexure II** and forms part of this Report.

PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES OR INVESTMENTS

Your Company has not accepted any deposits from the public, or its employees, within the meaning of Section 73 of the Companies Act, 2013 and Companies (Acceptance of Deposits) Rules, 2014 during the year under review.

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

The particulars of loans given, Investments made and Guarantees and securities provided are given under notes to financial statements and same form part of this Annual Report.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

All transactions with Related Parties during the year under review were in the Ordinary Course of Business and on Arm's Length basis.

Particulars of material contracts or arrangements or transactions with related parties referred to under Sub-section (1) of Section 188 of the Companies Act, 2013 are furnished in Form AOC 2 as **Annexure III** and the same forms part of this Report.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return in Form MGT 9 is provided as **Annexure IV** which forms part of this Report.

INTERNAL CONTROLS

Your Company has an adequate system of internal controls and monitoring procedures as well as adequate internal financial controls on financial statements commensurate with the size and the nature of its business. Besides the Company regularly conducts reviews to assess the adequacy of financial and operating controls for various businesses of the Company. Significant issues, if any, are brought to the attention of the Audit Committee.

SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE

Your Company's commitment towards safety, health and environment is being continuously enhanced and persons working are given adequate training on safety and health. The requirements relating to various environmental legislations and environment protection have been duly complied with by your Company.

SUSTAINABILITY

Your Company continues with its journey on sustainable development with conscious efforts to minimize the environmental impact caused by its operations and simultaneously taking responsibility to enable communities to Rise without losing focus on economic performance.

THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

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

GENERAL DISCLOSURES

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

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Details relating to deposits covered under Chapter V of the Companies Act, 2013.
3. Issue of Shares (Including Sweat Equity Shares) to employees of the Company under any Scheme.
4. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
5. There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.
6. Since your Company is not a listed company the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable.

ACKNOWLEDGEMENTS

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

For and on behalf of the Board

Anita Arjundas
Chairperson

Mumbai, 20th April, 2017

ANNEXURE I TO THE DIRECTORS' REPORT

POLICY ON APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

I. APPOINTMENT OF DIRECTORS

- The Nomination and Remuneration Committee (NRC) of the Board of Directors (Board) of the Company reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and also independence of director when Independent Director is to be appointed:

    1. All Board appointments will be based on merit, in the context of the skills, experience, diversity, and knowledge, for the Board as a whole to be effective.

    2. Ability of the candidates to devote sufficient time and attention to his/her professional obligations as Director for informed and balanced decision making.

    3. Adherence to the applicable Code of Conduct and highest level of Corporate Governance in letter and in 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 or Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act, 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

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

SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons based on merit, experience and knowledge who may be appointed in senior management team.

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

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

a. Policy for Remuneration of the Directors

Purpose

This Policy sets out the approach to Compensation of Directors in Mahindra Infrastructure Developers Limited.

Policy Statement

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

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

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

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

Executive Directors:

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

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

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

b. Policy on Remuneration of Key Managerial Personnel and Employees

This Policy shall be effective from the financial year 2014-15.

Objective

To establish guidelines for remunerating employees fairly and in keeping with Statutes.

Standards

– All employees, irrespective of contract, are to be remunerated fairly and the remuneration is to be externally competitive and internally equitable. The remuneration will be paid in accordance with the laid down Statutes.

– Remuneration for on-roll employees will include a fixed or guaranteed component payable monthly; and a variable component which is based on performance and paid annually in the month of July following the fiscal.

– The fixed component of remuneration will have a flexible component with a bouquet of allowances to enable an employee to choose the allowances as well as the quantum based on laid down limits as per Company policy. The flexible component can be varied only once annually in the month of July i.e. after the salary increment exercise.

– The variable component of the remuneration will be a function of the employee's grade.

– The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRA). Both the BSC and KRAs are evaluated at the end of the fiscal to arrive at the BSC rating of the business and PPS rating of the individual.

– An annual compensation survey is carried out to ensure that the Company's compensation is externally competitive. Based on the findings of the survey and the business performance, the Sector Talent Council decides:

  a) The increment that needs to be paid for different performance ratings as well as grades.

  b) The increment for promotions and the total maximum increment.

  c) The maximum increase in compensation cost in % and absolute.

– Compensation corrections are made in a few cases where it is outside the band or to keep it tune with the market.

For and on behalf of the Board

Anita Arjundas
Chairperson

Mumbai, 20th April, 2017

ANNEXURE II 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-

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

The Operations of your Company are not energy-intensive. However, adequate measures have been taken to reduce energy consumption.

(ii) The steps taken by the Company for utilizing alternate sources of energy: Not Applicable

(iii) The capital investment on energy conservation equipment: Nil

(B) Technology absorption:

(i) The efforts made towards technology absorption: None

(ii) The benefits derived like product improvement, cost reduction, product development or import substitution: Not Applicable

(iii) 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

(i) The Foreign Exchange earned in terms of actual inflows during the year: Nil

(ii) The Foreign Exchange outgo during the year in terms of actual outflows: Nil

For and on behalf of the Board

Anita Arjundas
Chairperson

Mumbai, 20th April, 2017

ANNEXURE III TO THE DIRECTORS' REPORT

FORM NO. AOC.2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in Sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto.

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

1. Details of contracts or arrangements or transactions not at arm's length basis: Not Applicable
2. Details of material contracts or arrangement or transactions at **arm's length basis**:

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any.	Date(s) of approval by the Board, if any	Amount paid as advances, if any
1	Mahindra and Mahindra Limited Ultimate Holding Company	Services availed	1st April, 2016 to 31st March, 2017	Rs. 230,352	Not Applicable	Nil
2	Mahindra and Mahindra Limited Ultimate Holding Company	Insurance Premium	1st April, 2016 to 31st March, 2017	Rs. 12,608	Not Applicable	Nil
3	Mahindra Lifespace Developers Limited Holding Company	Services Availed	1st April, 2016 to 31st March, 2017	Rs. 79,350	Not Applicable	Nil

Note: for the purpose of materiality, the following criteria have been considered.

- 10% of turnover of the Company or Rs. One hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for sale, purchase, or supply of any goods or materials.
- 10% of net worth of the Company or Rs. One hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for selling or otherwise disposing of or buying property of any kind.
- 10% of the net worth of the Company or 10% of turnover of the Company or Rs. One hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for leasing of property of any kind.
- 10% of turnover of the Company or Rs. Fifty crores, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for rendering of services.

For and on behalf of the Board

Anita Arjundas
Chairperson

Mumbai, 20th 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:

i)	CIN	U45201MH2001PLC131942
ii)	Registration Date	10/05/2001
iii)	Name of the Company	MAHINDRA INFRASTRUCTURE DEVELOPERS LIMITED
iv)	Category/Sub-Category of the Company	Company Limited By Shares (Indian Non-Government Company)
v)	Address of the Registered office and contact details	Mahindra Towers, Worli Mumbai - 400 018, Maharashtra, India Tel: +91 22-24905633 Fax: +91 22-24900833
vi)	Whether listed Company (Yes/No)	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

Sr. No.	Name and Description of main product/services	NIC Code of the Product/service	% to total turnover of the company
	–	–	–

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 Lifespace Developers Limited. Mahindra Towers, 5th Floor, Worli, Mumbai - 400 018.	L45200MH1999PLC118949	Holding Company	100%	2(46)
2	Mahindra and Mahindra Ltd. Gateway Building, Apollo Bunder, Mumbai 400 001	L65990MH1945PLC004558	Ultimate Holding Company	–	2(46)
3	Mahindra Water Utilities Limited. Gateway Building, Apollo Bunder, Mumbai 400 001	U45205MH1999PLC121235	Subsidiary	99%	2(87)
4	Mahindra Inframan Water Utilities Private Limited. Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018.	U90000MH2004PTC144079	Joint Venture Company	50%	2(6)
5	Rathna Bhoomi Enterprises Private Ltd. Mahindra Towers, 'A' Wing Fifth floor, Dr. G. M. Bhosale Marg, Worli, Mumbai - 400 018.	U67120MH1997PTC291256	Associate	50%	2(6)

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.	–	1,80,00,000*	1,80,00,000*	100%	–	1,80,00,000*	1,80,00,000*	100%	–
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other…	–	–	–	–	–	–	–	–	–
Sub-total (A)(1):-	**–**	**1,80,00,000***	**1,80,00,000***	**100%**	**–**	**1,80,00,000***	**1,80,00,000***	**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)	**–**	**1,80,00,000***	**1,80,00,000***	**100%**	**–**	**1,80,00,000***	**1,80,00,000***	**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) Individual	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto ` 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of ` 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	–

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	
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**–**	**1,80,00,000***	**1,80,00,000***	**100%**	**–**	**1,80,00,000***	**1,80,00,000***	**100%**	**–**

** Includes 6 shares held by nominees of Mahindra Lifespace Developers Limited jointly with Mahindra Lifespace Developers Limited.*

(ii) Shareholding of Promoters:

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
1.	Mahindra Lifespace Developers Limited	1,79,99,994	100%	–	1,79,99,994	100%	–	0%
2.	Mahindra Lifespace Developers Limited jointly with Mr. Roshan Gandhi**	1	0%	–	1	0%	–	0%
3.	Mahindra Lifespace Developers Limited jointly with Mr. Ulhas Bhosale**	1	0%	–	1	0%	–	0%
4.	Mahindra Lifespace Developers Limited jointly with Mr. Suhas Kulkarni **	1	0%	–	1	0%	–	0%
5.	Mahindra Lifespace Developers Limited jointly with Mr. Basant Jain **	1	0%	–	1	0%	–	0%
6.	Mahindra Lifespace Developers Limited jointly with Ms. Anita Arjundas **	1	0%	–	1	0%	–	0%
7.	Mahindra Lifespace Developers Limited jointly with Mr. Narayan Shankar **	1	0%	–	1	0%	–	0%
	Total	**1,80,00,000**	**100%**	**–**	**1,80,00,000**	**100%**	**–**	**0%**

** Jointly held with Mahindra Lifespace Developers Limited to comply with the statutory provisions of Companies Act with regard to minimum number of members.

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

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	1,80,00,000	100%	1,80,00,000	100%
	Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	No Change	–	No Change	–
	At the end of the year	1,80,00,000	100%	1,80,00,000	100%

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

Sr. No.	Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	Not Applicable				

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	At the beginning of the year				
1	Ms. Anita Arjundas ***	1	0%	1	0%
	Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc):	No Change			
	At the end of the year	1	0%	1	0%

*** Shares held as nominee of Mahindra Lifespace Developers Limited jointly with Mahindra Lifespace Developers Limited.

V. INDEBTEDNESS:

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

(Amount in Rs.)

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: Not Applicable

(Amount in Rs.)

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

B. Remuneration of other directors:

(Amount in Rs.)

	Particulars of Remuneration	Name of Directors				Total
		Ms. Anita Arjundas	Mr. Vijay Khetan	Mr. Sanjay Jain	Mr. Jayant Manmadkar	
1.	Independent Directors					
	• Fee for attending Board/Committee meetings	Nil	Nil	Nil	Nil	Nil
	• Commission	Nil	Nil	Nil	Nil	Nil
	• Others, please specify	Nil	Nil	Nil	Nil	Nil
	Total (1)	Nil	Nil	Nil	Nil	Nil
2.	Other Non-Executive Directors					
	• Fee for attending Board/Committee meetings	Nil	Nil	Nil	Nil	Nil
	• Commission	Nil	Nil	Nil	Nil	Nil
	• Others, please specify	Nil	Nil	Nil	Nil	Nil
	Total (2)	Nil	Nil	Nil	Nil	Nil
	Total B = (1+2)	Nil	Nil	Nil	Nil	Nil
	Total Managerial Remuneration	Nil	Nil	Nil	Nil	Nil
	Ceiling as per the Act					

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(Amount in Rs.)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		Chief Executive Officer	Company Secretary	Chief Financial Officer	
		Mr. Santosh Gupta	Ms. Kinjal Vyas	Ms. Simly Venu	
1.	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	–	–	–	–
	(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	19,000	3,00,000	25,000	**3,44,000**
	Total	**19,000**	**3,00,000**	**25,000**	**3,44,000**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: Not Applicable

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

Anita Arjundas
Chairperson

Mumbai, 20th April, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
MAHINDRA INFRASTRUCTURE DEVELOPERS LIMITED

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Mahindra Infrastructure Developers Limited** ("the Company"), which comprise the Balance Sheet as at 31 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 31 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, 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 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 8 November, 2016 of the Ministry of Finance, during the period from 8 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. 117365W

Uday M. Neogi
Partner
Membership No. 30235

Place: Mumbai
Date: 20th April, 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAHINDRA INFRASTRUCTURE DEVELOPERS LIMITED

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

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

We have audited the internal financial controls over financial reporting of Mahindra Infrastructure Developers Limited ("the Company") as of 31 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 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, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 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: 20th April, 2017

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAHINDRA INFRASTRUCTURE DEVELOPERS LIMITED

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

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) The Company has a program of verification of fixed assets once in every three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. The last physical verification was carried out in March, 2015, accordingly no physical verification of fixed assets was carried out by the Management during the year.

(c) According to the information and explanations given to us and the records examined by us, we report that the building has been constructed by the Company on the leasehold land pursuant to the lease agreement dated 17 January, 2003 between Tirumala Tirupati Devasthanams and the Company, where the Company is the lessee in the agreement, however the book value of the building as at 31 March, 2017 is Rs. Nil, refer Note 26 to the Ind AS financial statements.

(ii) As expalined to us, the inventories were not physically verified during the year. The write-down of the inventory was made in the previous year and inventory is valued at Rs. Nil.

(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 ("the Act").

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of investments made. The Company has not granted any loans or provided guarantees and security under Sections 185 and 186 of the Act.

(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) the Order relating to the maintenance of cost records of 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, Service Tax, Cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues in arrears as at 31 March, 2017 for a period of more than six months from the date they became payable.

(c) According to the records of the Company, there are no dues of Income-tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax which have not been deposited as at 31 March, 2017 on account of any dispute.

(viii) The Company has not taken any loans or borrowings from financial institutions, banks and Government or has not issued any debentures. Hence reporting under clause (viii) of the 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) According to the information and explanations given to us, there is no amount payable as a managerial remuneration under the provisions of Section 197 read with Schedule V to the Act.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Sections 188 and 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Ind AS 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 Act are not applicable.

(xvi) The Company is not required to be registered under Section 45-I of the Reserve Bank of India Act, 1934.

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

Uday M. Neogi
Partner
Membership No. 30235

Place: Mumbai
Date: 20th April, 2017

BALANCE SHEET AS AT 31ST MARCH, 2017

(Amount in `)

		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	5	**–**	2,031	3,291
	(b) Financial assets				
	(i) Investments	6	**1,028,989**	798,989	749,990
	(c) Other non-current assets	7	**2,489,325**	2,458,481	2,420,381
	Total Non-current assets (I)		**3,518,314**	3,259,501	3,173,662
	Current assets				
	(a) Inventories	8	**–**	–	371,004
	(b) Financial assets				
	(i) Trade receivables	9	**200,161**	22,113,421	22,113,421
	(ii) Cash and cash equivalents	10(a)	**22,830,600**	285,092	252,479
	(iii) Bank balances other than (ii) above	10(b)	**3,146,709**	4,524,676	5,268,315
	(iv) Others	11	**152,480**	89,878	234,210
	(c) Other current assets	7	**788,818**	804,216	804,508
	Total current assets (II)		**27,118,768**	27,817,283	29,043,937
	Total assets [(I)+(II)]		**30,637,082**	31,076,784	32,217,599
II	**EQUITY AND LIABILITIES**				
	Equity				
	(a) Equity share capital	12	**180,000,000**	180,000,000	180,000,000
	(b) Other equity	13	**(162,215,541)**	(161,737,816)	(160,731,204)
	Total equity (III)		**17,784,459**	18,262,184	19,268,796
	Liabilities				
	Non-current liabilities				
	(a) Deferred tax liabilities	14	**–**	624	1,006
	Total Non-current liabilities (IV)		**–**	624	1,006
	Current liabilities				
	(a) Financial liabilities				
	(i) Trade payables	15			
	– total outstanding dues of micro enterprises and small enterprises		**–**	–	–
	– total outstanding dues of trade payables other than micro enterprises and small enterprises		**12,082,963**	12,075,833	11,866,810
	(ii) Other financial liabilities	16	**–**	–	200,000
	(b) Other current liabilities	17	**769,660**	738,143	880,987
	Total current liabilities (V)		**12,852,623**	12,813,976	12,947,797
	Total equity and liabilities [(III)+(IV)+(V)]		**30,637,082**	31,076,784	32,217,599

See accompanying notes forming part of the financial statements

For **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration No. 117365W

Uday M. Neogi
Partner
Membership No. 30235

Kinjal Vyas
Company Secretary
ACS: 35527

Santosh J. Gupta
Chief Executive Officer

Simly Venu
Chief Financial Officer

For and on behalf of the Board of Directors

Anita Arjundas	Chairperson	(DIN: 00243215)
Vijay Khetan	Director	(DIN: 00465161)
Sanjay Jain	Director	(DIN: 06446899)
Jayantt Manmadkar	Director	(DIN: 03044559)

Place: Mumbai
Date: 20th April, 2017

Place: Mumbai
Date: 20th April, 2017

Place: Mumbai
Date: 20th April, 2017

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

(Amount in `)

	Particulars	Note No.	For the year ended 31st March, 2017	For the year ended 31st March, 2016
I	Revenue from operations	18	–	42,000
II	Other income	19	**308,441**	380,983
III	**Total income (I+II)**		**308,441**	422,983
IV	**Expenses**			
	(a) Changes in inventories of finished goods	20	–	371,004
	(b) Employee benefit expense	21	**79,350**	33,317
	(c) Depreciation expense	5	–	1,260
	(d) Other expenses	22	**707,440**	1,024,396
	Total Expenses (IV)		**786,790**	1,429,977
V	**Profit/(Loss) before tax (III-IV)**		**(478,349)**	(1,006,994)
VI	**Tax Expense**			
	(1) Current tax		–	–
	(2) Deferred tax	14	**(624)**	(382)
	Total tax expense		**(624)**	(382)
VII	**Profit/(Loss) for the year (V-VI)**		**(477,725)**	(1,006,612)
	Other comprehensive income		–	–
	(1) Items that will not be reclassified to profit or loss		–	–
	(2) Items that may be reclassified to profit or loss		–	–
VIII	**Total other comprehensive income (1)+(2)**		–	–
IX	**Total comprehensive income for the year (VII+VIII)**		**(477,725)**	(1,006,612)
X	**Earnings per equity share**			
	Basic/Diluted	24	**(0.03)**	(0.06)

See accompanying notes forming part of the financial statements

For **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration No. 117365W

Uday M. Neogi
Partner
Membership No. 30235

Place: Mumbai
Date: 20th April, 2017

Kinjal Vyas
Company Secretary
ACS: 35527

Santosh J. Gupta
Chief Executive Officer

Simly Venu
Chief Financial Officer

Place: Mumbai
Date: 20th April, 2017

For and on behalf of the Board of Directors

Anita Arjundas	Chairperson	(DIN: 00243215)
Vijay Khetan	Director	(DIN: 00465161)
Sanjay Jain	Director	(DIN: 06446899)
Jayantt Manmadkar	Director	(DIN: 03044559)

Place: Mumbai
Date: 20th April, 2017

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

(Amount in `)

Particulars	Note No.	Year ended 31st March, 2017	Year ended 31st March, 2016
Cash flow from operating activities			
Profit/(Loss) for the year		**(477,725)**	(1,006,612)
Adjustments for:			
Income tax expense recognised in the statement of profit and loss		**(624)**	(382)
Interest income recognised in profit or loss	19	**(308,441)**	(380,983)
Depreciation expenses	5	**–**	1,260
Impairment of property, plant and equipment	5	**2,031**	–
		(784,759)	(1,386,717)
Movements in working capital:			
Decrease in inventories	8	**–**	371,004
Decrease in trade receivables	9	**21,913,260**	–
Increase in other financial assets	11	**(16,890)**	–
Decrease in other current assets	7	**15,398**	292
Increase in trade payables	15	**7,130**	209,023
Decrease in other financial liabilities	16	**–**	(200,000)
Increase/(decrease) in other current liabilities	17	**31,517**	(142,844)
Income taxes paid		**(30,844)**	(38,100)
Net cash generated by/(used in) operating activities		**21,134,812**	(1,187,342)
Cash flows from investing activities			
Purchase of investment - subsidiary (refer Note No. 30)		**(230,000)**	(48,999)
Interest received		**262,729**	525,315
Bank balances not considered as cash and cash equivalents			
– Placed		**(1,531,530)**	(4,524,676)
– Matured		**2,909,497**	5,268,315
Net cash generated by investing activities		**1,410,696**	1,219,955
Net cash generated by financing activities		**–**	–
Net increase in cash and cash equivalents		**22,545,508**	32,613
Cash and cash equivalents at the beginning of the year	10(a)	**285,092**	252,479
Cash and cash equivalents at the end of the year	10(a)	**22,830,600**	285,092

See accompanying notes forming part of the financial statements

For **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration No. 117365W

Uday M. Neogi
Partner
Membership No. 30235

Place: Mumbai
Date: 20th April, 2017

Kinjal Vyas
Company Secretary
ACS: 35527

Santosh J. Gupta
Chief Executive Officer

Simly Venu
Chief Financial Officer

Place: Mumbai
Date: 20th April, 2017

For and on behalf of the Board of Directors

Anita Arjundas	Chairperson	(DIN: 00243215)
Vijay Khetan	Director	(DIN: 00465161)
Sanjay Jain	Director	(DIN: 06446899)
Jayantt Manmadkar	Director	(DIN: 03044559)

Place: Mumbai
Date: 20th April, 2017

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

A. Equity share capital **(Amount in `)**

Balance as at 1 April, 2015	**180,000,000**
Changes in equity share capital during the year	–
Balance as at 31 March, 2016	**180,000,000**
Changes in equity share capital during the year	–
Balance as at 31 March, 2017	**180,000,000**

B. Other Equity

	Retained earnings (Amount in `)
Balance as at 1 April, 2015 (A)	**(160,731,204)**
Profit/(Loss) for the year (B)	(1,006,612)
Other comprehensive income (C)	–
Total comprehensive income (D) = [(B)+(C)]	(1,006,612)
Balance as 31 March, 2016 (E) = [(A)+(D)]	**(161,737,816)**
Profit/(Loss) for the year (F)	(477,725)
Other comprehensive income (G)	–
Total comprehensive income (H) = [(F)+(G)]	(477,725)
Balance as at 31 March, 2017 (I) = [(F)+(H)]	**(162,215,541)**

See accompanying notes forming part of the financial statements

For **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration No. 117365W

Uday M. Neogi
Partner
Membership No. 30235

Kinjal Vyas
Company Secretary
ACS: 35527

Place: Mumbai
Date: 20th April, 2017

Santosh J. Gupta
Chief Executive Officer

Simly Venu
Chief Financial Officer

Place: Mumbai
Date: 20th April, 2017

For and on behalf of the Board of Directors

Anita Arjundas	Chairperson	(DIN: 00243215)
Vijay Khetan	Director	(DIN: 00465161)
Sanjay Jain	Director	(DIN: 06446899)
Jayantt Manmadkar	Director	(DIN: 03044559)

Place: Mumbai
Date: 20th April, 2017

NOTES FORMING PART OF THE FINANCIAL STATEMENT S FOR THE YEAR ENDED 31ST MARCH, 2017

1. Corporate information

Mahindra Infrastructure Developers Limited ("the Company") is a public company incorporated in India on 10th May, 2001 under the provisions of erstwhile Companies Act, 1956. The registered office of the Company is located at 5th Floor, Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400 018.

The Company is in the business of development of infrastructure projects and infrastructure related services.

The Company is subsidiary of Mahindra Lifespace Developers Limited, Mumbai, a company incorporated in India. The ultimate parent company is Mahindra & Mahindra Limited.

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 31st 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 31st March, 2017 are the Company's first Ind AS financial statements. The date of transition to Ind AS is 1st April, 2015. Refer to Note No. 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 (`) which is also the Company's functional currency.

The financial statements were approved by the Board of Directors and authorised for issue on 20nd April, 2017.

2.2 Property, plant and 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 on assets (other than impaired assets) is calculated on straight line method at the rate of 11.31% p.a. which is based on useful life of about 9 years determined on the basis of technical evaluation by the Management of the Company and is different from the useful life of 15 years indicated in part C of schedule II to the Companies Act, 2013.

2.3 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 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 the statement profit and 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 profit and loss.

2.4 Inventories

Inventories are stated at the lower of cost and net realisable value, whichever is lower. Cost is arrived at on first-in-first-out basis and includes overheads on absorption basis, where appropriate.

Financial assets and Liabilities

2.5 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 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.

2.6 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 market place.

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.

2.6.1 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 allowances at an amount equal to lifetime expected credit losses.

2.6.2 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENT S FOR THE YEAR ENDED 31ST MARCH, 2017

2.7 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.

2.7.1 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 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 the statement of profit and loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.7.1.1 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at Fair value through profit and loss.

2.7.1.2 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 the 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 the statement of profit and loss.

2.8 Revenue recognition

Revenue on account of sale of services is recognised under the completed service contract method to the extent it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured.

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers.

Dividend income is recognised in the statement of profit and loss when the right to receive payment is established.

Interest Income is accounted for on time proportion basis.

2.9 Taxation

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

2.9.1 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.

2.9.2 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 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.

2.9.3 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.

2.9.4 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.

2.10 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.

2.11 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/(loss) for the year is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

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.

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

Mandatory exceptions:

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.

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).

NOTES FORMING PART OF THE FINANCIAL STATEMENT S FOR THE YEAR ENDED 31ST 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.

Optional exemptions:

Deemed cost for property, plant and equipment

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. Consequently, cost in respect of property, plant and equipment has been retrospectively remeasured in accordance with Ind AS.

Deemed cost for Investments in subsidiary, joint ventures and associates

The company has elected the exemption of previous GAAP carrying amount of its investments in subsidiary, joint ventures and associates as of 1st April, 2015 (transition date) considering as deemed cost.

Note 5 – Property, plant and equipment

(Amount in `)

Description of assets	Buildings	Plant and equipment	Office equipment	Furniture and fixtures	Vehicles	Computer	Total
I. Cost or deemed cost							
Balance as at 1 April, 2016	3,158,995	19,482,323	9,500	28,189	96,000	135,277	**22,910,284**
Additions	–	–	–	–	–	–	–
Disposals	–	–	–	–	–	–	–
Balance as at 31 March, 2017	**3,158,995**	**19,482,323**	**9,500**	**28,189**	**96,000**	**135,277**	**22,910,284**
II. Accumulated depreciation and impairment							
Balance as at 1 April, 2016	3,158,995	19,480,292	9,500	28,189	96,000	135,277	**22,908,253**
Depreciation expense	–	–	–	–	–	–	–
Eliminated on disposal of assets	–	–	–	–	–	–	–
Impairment loss recognised in profit or loss	–	2,031	–	–	–	–	**2,031**
Balance as at 31 March, 2017	**3,158,995**	**19,482,323**	**9,500**	**28,189**	**96,000**	**135,277**	**22,908,253**
III. Net carrying amount (I-II)							
Balance as at 31 March, 2017	–	–	–	–	–	–	–
Balance as at 31 March, 2016	–	**2,031**	–	–	–	–	**2,031**

(Amount in `)

Description of assets	Buildings	Plant and equipment	Office equipment	Furniture and fixtures	Vehicles	Computers	Total
I. Cost or deemed cost							
Balance as at 1 April, 2015	3,158,995	19,482,323	9,500	28,189	96,000	135,277	**22,910,284**
Additions	–	–	–	–	–	–	–
Disposals	–	–	–	–	–	–	–
Balance as at 31 March, 2016	**3,158,995**	**19,482,323**	**9,500**	**28,189**	**96,000**	**135,277**	**22,910,284**
II. Accumulated depreciation and impairment							
Balance as at 1 April, 2015	3,158,995	19,479,032	9,500	28,189	96,000	135,277	**22,906,993**
Depreciation expense	–	1,260	–	–	–	–	**1,260**
Eliminated on disposal of assets	–	–	–	–	–	–	–
Impairment loss recognised in profit or loss	–	–	–	–	–	–	–
Balance as at 31 March, 2016	**3,158,995**	**19,480,292**	**9,500**	**28,189**	**96,000**	**135,277**	**22,908,253**
III. Net carrying amount (I-II)							
Balance as at 31 March, 2016	–	**2,031**	–	–	–	–	**2,031**
Balance as at 1 April, 2015	–	**3,291**	–	–	–	–	**3,291**

Impairment losses recognised in the year:

During the year ended on 31st March, 2017, the impairment loss of ` 2,031 representing the written-down value of certain plant and equipment recognised as a result of technological obsolescence. This is recognised in the statement of profit and loss in ‘Other Expenses’ Note No. 22.

NOTES FORMING PART OF THE FINANCIAL STATEMENT S FOR THE YEAR ENDED 31ST MARCH, 2017

Note 6 – Investments

Particulars	Face Value (Rs.)	As at 31st March, 2017 Nos.	As at 31st March, 2017 Amount in Rs.	As at 31st March, 2016 Nos.	As at 31st March, 2016 Amount in Rs.	As at 1st April, 2015 Nos.	As at 1st April, 2015 Amount in Rs.
A. Investments carried at cost or deemed cost							
I. Unquoted Investments (all fully paid) Investments in Equity Instruments							
– **of subsidiaries**							
Mahindra Water Utilities Private Limited	10	**98,999**	**778,999**	98,999	548,999	–	–
(subsidiary with effect from 27 July, 2015, prior to that it was a joint venture) (Refer Note No. 30)							
– **of joint ventures**							
Mahindra Inframan Water Utilities Private Limited	10	**24,999**	**249,990**	24,999	249,990	24,999	249,990
Mahindra Water Utilities Private Limited (joint venture upto 26 July 2015, subsequently it has become subsidiary)		–	–	–	–	50,000	500,000
– **of associate**							
Ratna Bhoomi Enterprise Private Limited	10	**500**	–	500	–	500	–
Investments in Preference shares							
– **of associate**							
10% Non-cumulative redeemable participating optionally convertible preference shares in Ratna Bhoomi Enterprise Private Limited (Refer Notes below)	10	**119,250**	–	119,250	–	119,250	–
Total (A)	–	–	**1,028,989**	–	798,989	–	749,990
B. Investment carried at fair value through other comprehensive income							
Unquoted Investments (all fully paid)							
Investments in Equity Instruments							
New Tirupur Area Development Corporation Limited	10	**15,000,000**	–	15,000,000	–	15,000,000	–
Total (B)	–	–	–	–	–	–	–
Total Investments (A)+(B)	–	–	**1,028,989**	–	798,989	–	749,990

Notes:

1. The shares will be redeemed at par at the option of the associate, any time after five years but before twenty years from the date of allotment i.e 9th December, 2002. The shares at the option of the Company will be convertible into fully paid equity shares of the face value of ` 10 each anytime after 36 months from the date of allotment of the shares.
2. The Company has right to participate in surplus profit when in any financial year, after declaring and paying a divided of 10% to non-cumulative redeemable participating convertible preference shareholders and 10% to equity shareholders by the associate, there is any balance of surplus profits proposed to be distributed to shareholders, the same shall be applied in paying a dividend to both the classes of shareholders, viz., equity and 10% non-cumulative redeemable participating optionally convertible preference shares treated as one class. In the event of the winding up of the associate, if there is still a surplus after making a complete refund to all the shareholders, such surplus shall be distributed amongst both the classes of shareholders, viz equity and 10% non-cumulative redeemable participating optionally convertible preference shares treated as one class.

Note 7 – Other assets

(Amount in `)

Particulars	As at 31st March, 2017 Non-current	As at 31st March, 2017 Current	As at 31st March, 2016 Non-current	As at 31st March, 2016 Current	As at 1st April, 2015 Non-current	As at 1st April, 2015 Current
(a) Prepayment	–	–		15,398		15,690
(b) Income tax assets (net)	**2,363,125**	–	2,332,281	–	2,294,181	–
(c) Balances with government authorities (other than income taxes)						
Service tax credit receivables	–	**788,818**	–	788,818	–	788,818
(d) Security deposit						
Unsecured, considered good	**126,200**	–	126,200	–	126,200	–
Total other assets	**2,489,325**	**788,818**	2,458,481	804,216	2,420,381	804,508

NOTES FORMING PART OF THE FINANCIAL STATEMENT S FOR THE YEAR ENDED 31ST MARCH, 2017

Note 8 – Inventories

(Amount in `)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
(a) Finished goods	–	–*	371,004
Total inventories at lower of cost and net realisable value	–	–*	371,004

* Due to write-down of inventories to its net realisable value, ` 371,004 was recognised as "Changes in inventories of finished goods" in the statement of profit and loss for the year ended 31st March, 2016.

Note:

i) The mode of valuation of inventories has been stated in Note No. 2.4.

Note 9 – Trade receivables

(Amount in `)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Trade receivable outstanding for a period exceeding six months from the date they are due for payment			
– Unsecured, considered good	200,161	22,113,421	22,113,421
Total trade receivables	**200,161**	22,113,421	22,113,421

Notes:

(i) The average credit period for sales of services ranges between 150 to 180 days.
(ii) At 31st March, 2017, the Company has only one customer (As at 31st March, 2016 and 1st April, 2015: two customers) accounting for the entire trade receivables.

Note 10

(a) Cash and cash equivalents

(Amount in `)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
(a) Balance with bank	22,830,600	285,092	252,479
Total cash and cash equivalents	**22,830,600**	285,092	252,479

(b) Other bank balances

(Amount in `)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
(a) In deposit accounts	3,146,709	4,524,676	5,268,315
Total other bank balances	**3,146,709**	4,524,676	5,268,315

Note 11 – Other financial assets

(Amount in `)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
(a) Financial assets at amortised cost Interest accrued but not due on deposits	135,590	89,878	234,210
(b) Advance to related party (Refer Note No. 27)	16,890	–	–
Total other financial assets	**152,480**	89,878	234,210

Note 12 – Equity share capital

Particulars	As at 31st March, 2017		As at 31st March, 2016		As at 1st April, 2015	
	Number of shares	`	Number of shares	`	Number of shares	`
(a) Authorised						
Equity shares of ` 10 each with voting rights	20,000,000	200,000,000	20,000,000	200,000,000	20,000,000	200,000,000
	20,000,000	200,000,000	20,000,000	200,000,000	20,000,000	200,000,000
(b) Issued, subscribed and fully paid-up shares						
Equity shares of ` 10 each	18,000,000	180,000,000	18,000,000	180,000,000	18,000,000	180,000,000
	18,000,000	180,000,000	18,000,000	180,000,000	18,000,000	180,000,000

Notes (i) to (iv) below

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

Particulars	As at 31st March, 2017		As at 31st March, 2016		As at 1st April, 2015	
	Number of shares	`	Number of shares	`	Number of shares	`
Opening balance	18,000,000	180,000,000	18,000,000	180,000,000	18,000,000	180,000,000
Add: Issued during the year	–	–	–	–	–	–
Closing balance	**18,000,000**	**180,000,000**	18,000,000	180,000,000	18,000,000	180,000,000

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.

(ii) Terms/rights attached to equity shares:

The Company is having only one class of equity shares having par value of ` 10 each. Each holder of equity share is entitled to one vote per share.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the amount paid up on equity shares held by the shareholders.

NOTES FORMING PART OF THE FINANCIAL STATEMENT S FOR THE YEAR ENDED 31ST MARCH, 2017

(iii) Details of shares held by the holding company:

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Mahindra Lifespace Developers Limited, the holding company, including 6 shares jointly held with its nominees	**18,000,000**	18,000,000	18,000,000

(iv) Details of shares held by each shareholder holding more than 5% shares:

Particulars	As at 31st March, 2017		As at 31st March, 2016		As at 1st April, 2015	
	Number of shares	% holding	Number of shares	% holding	Number of shares	% holding
Mahindra Lifespace Developers Limited the holding company, including 6 shares jointly held with its nominees	**18,000,000**	**100%**	18,000,000	100%	18,000,000	100%

Note 13 – Other equity

(Amount in `)

Particulars	Retained earnings	Total
Balance as at 31 March, 2016	**(161,737,816)**	**(161,737,816)**
Profit/(Loss) for the year	(477,725)	**(477,725)**
Other comprehensive income	–	–
Total comprehensive income	(477,725)	**(477,725)**
Balance at 31 March, 2017	**(162,215,541)**	**(162,215,541)**
Balance as at 1 April, 2015	(160,731,204)	**(160,731,204)**
Profit/(Loss) for the year	(1,006,612)	**(1,006,612)**
Other comprehensive income	–	–
Total Comprehensive income	(1,006,612)	(1,006,612)
Balance as at 31 March, 2016	**(161,737,816)**	**(161,737,816)**

Note 14 – Deferred tax liabilities

(Amount in `)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Defered tax liabilities	–	624	1,006
Deferred tax liabilities	–	624	1,006

(i) Movement in deferred tax balances

(Amount in `)

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	624	(624)	–
Net tax liabilities	**624**	**(624)**	–

(Amount in `)

Particulars	For the Year ended 31st March, 2016		
	Opening Balance as at 1st April, 2015	Recognised in profit and Loss	Closing Balance
Tax effect of items constituting deferred tax liabilities			
Property, plant and equipment	1,006	(382)	624
Net tax liabilities	1,006	(382)	624

Note 15 – Trade payables

(Amount in `)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Trade payables for goods and services	**12,082,963**	12,075,833	11,866,810
Total trade payables	**12,082,963**	12,075,833	11,866,810

Note:

(i) No Companies have been identified under the Micro, Small and Medium Enterprises Development Act, 2006 and hence the disclosure as required by Notification No. G.S.R. 719 (E), dated 16th November, 2007 issued by the Ministry of Corporate Affairs is not applicable.

Note 16 – Other financial liabilities

(Amount in `)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Deposit refundable*	–	–	200,000
Total other financial liabilities	–	–	200,000

* Deposit received from Mahindra Lifespace Developers Limited pursuant to Section 160(1) of the Companies Act, 2013.

Note 17 – Other current liabilities

(Amount in `)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
a. Others			
Statuatory remittances (withholding taxes, service tax, etc.)	**769,660**	738,143	880,987
Total other financial liabilities	**769,660**	738,143	880,987

Note 18 – Revenue from operations

(Amount in `)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
(a) Revenue from sale of goods		
– Sale of farmrich fertilizer (Refer Note No. 27)	–	42,000
Total revenue from operations	–	42,000

Note 19 – Other Income

(Amount in `)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
(a) Interest Income on bank deposits	**308,441**	380,983
Total other Income	**308,441**	380,983

NOTES FORMING PART OF THE FINANCIAL STATEMENT S FOR THE YEAR ENDED 31ST MARCH, 2017

Note 20 – Changes in inventories of finished goods

(Amount in `)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Inventories at the end of the year:		
Finished goods	–	–
Inventories at the beginning of the year:		
Finished goods	–	371,004
Net (increase)/decrease	**–**	371,004

Note 21 – Employee benefits expense

(Amount in `)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Salary and wages (including deputation charges)	**79,350**	25,500
Contribution to provident and other funds	–	4,701
Staff welfare	–	3,116
Total employee benefit expenses	**79,350**	33,317

Note 22 – Other Expenses

(Amount in `)

	Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
(a)	Professional charges	**582,952**	559,948
(b)	Stamp & Filing Fees	**7,800**	24,000
(c)	Payments to auditors (including service tax):		
	(i) For audit	**86,250**	372,125
(d)	Impairment of property, plant and equipment	**2,031**	–
(e)	Insurance premium	**28,006**	52,378
(f)	Miscellaneous expenses	**401**	15,945
	Net (increase)/decrease	**707,440**	1,024,396

Note 23 – Contingent liabilities and commitments

(Amount in `)

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) Guarantee			
For Subsidiary Company / Joint Venture - Mahindra Water Utilities Limited			
(subsidiary with effect from 27 July, 2015, prior to that it was a joint venture)			
– Amount of Gurantee outstanding	**180,000,000**	180,000,000	180,000,000
– Maximum liability of the Company	**180,000,000**	180,000,000*	90,000,000*

* During the year ended 31st March, 2016, the Company had aquired 48,999 shares of Mahindra Water Utilities Limited from United Utilities International Limited @ ` 1/- per share vide Share Purchase Agreement dated 29th April, 2015. Consequently, as per the share purchase agreement, the Company and New Tirupur Area Development Corporation Limited entered a new performance gurantee agreement. The peroformance gurantee has been increased from ` 90,000,000 to ` 180,000,000 in the previous year.

Note 24 – Earnings per share

(Amount in `)

Sr. No.	Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
(a)	Profit/(loss) for the year (`)	**(477,725)**	(1,006,612)
(b)	Weighted average number of equity shares (No.)	**18,000,000**	18,000,000
(c)	Basic/Diluted earning per share (`)	**(0.03)**	(0.06)
(d)	Nominal value per share (`)	**10**	10

Note 25 – Segment Reporting

The company has a single reportable segment namely development of infrastructure projects and infrastructure related services in India for the purpose of Ind As 108 on segment reporting.

Note 26 – Project status with Tirumala Tirupati Devasthanams (TTD)

Solid Waste Treatment Agreement ("the Agreement") executed on 17th January, 2003 with Tirumala Tirupati Devasthanams (TTD) for operating a solid waste treatment plant ("the project") at Tirumala, has been terminated by the Company with effect from 19th June, 2009. Discussions are on with TTD for resolving all the pending issues post termination in accordance with the terms of the Agreement. The project has not been operating since the termination date. The Company has a right to claim the written down value of the fixed assets as of the termination date and an appropriate compensation from TTD in terms of the Agreement. Accordingly, no depreciation on the fixed assets of the project was provided after the date of termination and prior to impairment of fixed asset made during the year ended 31st March, 2015. The particulars of the project as on the date of termination to be transferred to TTD on acceptance of the termination by them are given below:

(Amount in `)

Description of assets	Written down value of the assets
Building	2,844,632
Plant & Machinery and Office equipment	16,881,474
Computer	4,782
Furniture and fixtures	10,256
Vehicles	47,629
Total	**19,788,773**

During the year, the Company passed a Board resolution dated 25th April 2016 & shareholder's resolution dated 26th April, 2016 approving transfer of the plant and other assets and liabilities for the benefit of TTD. Post that for a brief period Sustech Trust tried to operate the plant for the benefit of TTD, however the same was not as per the expectation of TTD, hence on 4th May, the Company has written letter to TTD granting it no objection certificate to TTD itself to operate the said plant. As of date, there is no formal transfer deed between the Company and TTD executed.

Note 27 – Related Party Transactions

Related party disclosures as required by Ind As 24 "Related Party Disclosures" are given below.

Enterprises Controlling the Company

1	Mahindra & Mahindra Limited	Ultimate Holding Company
2	Mahindra Lifespace Developers Limited	Holding Company

Subsidiary

1	Mahindra Water Utilities Limited (subsidiary with effect from 27th July, 2015, prior to that it was a joint venture)

Fellow Subsidiary

1	Mahindra Consulting Engineers Limited

Joint Ventures

1	Mahindra Water Utilities Limited (MWUL) (joint venture upto 26th July, 2015, subsequently it has become subsidiary)

Associate of Holding Company

1	Mahindra Knowledge Park (Mohali) Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENT S FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	For the year ended	Ultimate Holding Company	Holding Company	Joint venture (MWUL)	Fellow subsidiary	Subsidiary	Associate
Nature of transactions with Related Parties							
Sale of goods	31-Mar-17	–	–	–	–	–	–
	31-Mar-16	–	–	–	42,000	–	–
Professional charges	31-Mar-17	230,352		–	–	–	–
(including service tax)	31-Mar-16	159,616	–	–	–	–	–
Insurance premium	31-Mar-17	12,608	–	–	–	–	–
	31-Mar-16	–	–	–	–	–	–
Deputation charges	31-Mar-17	–	79,350	–	–	–	–
(including service tax)	31-Mar-16	–	–	–	–	–	–
Payment made on behalf of related party	31-Mar-17	–	–	–	–	–	16,890
	31-Mar-16	–	–	–	–	–	–
Deposit repaid	31-Mar-17	–	–	–	–	–	–
	31-Mar-16	–	200,000	–	–	–	–

Nature of Balances with Related Parties	Balances as on	Ultimate Holding Company	Holding Company	Joint venture (MWUL)	Fellow subsidiary	Subsidiary	Associate
Maximum liability to the Company in respect of guarantee outstanding	31-Mar-17	–	–	–	–	180,000,000	–
	31-Mar-16	–	–	–	–	180,000,000	–
	1-Apr-15	–	–	90,000,000	–	–	–
Receivable	31-Mar-17	–	–	–	–	–	16,980
	31-Mar-16	–	–	–	21,913,260	–	–
	1-Apr-15	–	–	21,913,260	–	–	–
Payables	31-Mar-17	1,589,799	8,413,121	–	–	–	–
	31-Mar-16	1,366,869	8,340,671	–	–	–	–
	1-Apr-15	1,221,230	8,540,671	–	–	–	–

Notes:

1. During the year, there were no amounts required to be written off or written back in respect of debts due from or to related parties.
2. Related parties have been identified by the Management.

Note 28 – Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 :

(Amount in `)

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 8 November, 2016	–	–	–
(+) Permitted receipts	–	–	–
(–) Permitted payments	–	–	–
(–) Amount deposited in Banks	–	–	–
Closing cash in hand as on 30 December, 2016	–	–	–

Note 29 – As the Company can continue its current operations with its own cash resources for a period of at least one year, the accounts of the Company for the year ended 31st March, 2017 have been prepared on the basis of going concern.

Note 30 – During the year ended 31st March, 2016, the Company acquired 48,999 equity shares of ` 10 each fully paid up of Mahindra Water Utilities Limited (MWUL) from a non-resident shareholder of MWUL. For this purpose, as required by the Reserve Bank of India, valuation of equity shares was obtained by MWUL. During the year, professional fees of ` 230,000 for the said valuation has been debited by MWUL to the Company which, being part of the cost of acquisition, has been added to the cost of above referred investment in equity shares.

Note 31 – 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:

Amount in `

Particulars	As at 31st March, 2016	As at 1st April, 2015
Equity as reported under previous GAAP	18,262,184	19,268,796
Ind AS: Adjustments increase/(decrease)	–	–
Equity as reported under IND AS	18,262,184	19,268,796

(ii) Reconciliation of total comprehensive income for the year ended 31st March, 2016:

Amount in `

Particulars	Note	for the year ended 31st March, 2016
Loss as per previous GAAP	1	(1,006,612)@
Ind AS: Adjustments increase/(decrease)		
Total adjustment to profit or loss		–
Loss under Ind AS		(1,006,612)
Other comprehensive income		–
Total comprehensive income under Ind ASs		(1,006,612)

@ Represents loss of: ` 584,789 from continuing operations; and ` 421,823 from discontinuing operations.

NOTES FORMING PART OF THE FINANCIAL STATEMENT S FOR THE YEAR ENDED 31ST MARCH, 2017

(iii) Material adjustments to the Statement of Cash Flows

(Amount in `)

Particulars	Notes	Year ended 31st March, 2016 Previous GAAP	Ind AS Adjustments	Ind AS
Net cash flows from operating activities	1	(1,187,342)*	–	(1,187,342)
Net cash flows from investing activities	2	476,316	(743,639)	1,219,955
Net cash flows from financing activities		–	–	–
Net increase/(decrease) in cash and cash equivalents		(711,026)	(743,639)	32,613
Cash and cash equivalents at beginning of year	2	5,520,794	5,268,315	252,479
Cash and cash equivalents at end of year	2	4,809,768	4,524,676	285,092

* Represents net cash flow of: ` (1,126,668) from continuing operations; and ` (60,674) from discontinuing operations.

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

(Amount in `)

Particulars	Notes	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		4,809,768	5,520,794
Term deposit with orginal maturity of more than 3 months is not considered in cash and cash equivalent under Ind AS	2	4,524,676	5,268,315
Cash and cash equivalents for the purpose of statement of cash flows as per Ind AS		285,092	252,479

Notes:

1. The operations with Tirumala Tirupati Devasthanams (Refer Note No. 26) were considered as discontinuing under the previous GAAP and are not discontinued operations under Ind AS.
2. As per the 'Ind AS 7 - Statement of cash flows', bank deposits with original maturity of more than 3 months are not considered as cash and cash equivalents.

Note 32 Financial Instruments

(I) Capital management

The Company's capital management objectives is to ensure the Company's ability to continue as a going concern.

The capital structure of the Company consists of equity.

The Company does not have any borrowings.

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.

(II) 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 (primary trade receivables) and from its financing activities, including deposits with banks and other financial instruments.

(i) Trade receivables

Outstanding customer receivables are regularly monitored. At 31st March, 2017, the Comapny has only one customer (As at 31st March, 2016 and 1st April, 2015: two customers) accounting for the entire trade receivables.

An impairment analysis is performed at each reporting date and the Company measures the loss allowances at an amount equal to lifetime expected credit lossess. The Company does not hold collateral as security.

(ii) Financial instruments and cash deposits:

Credit risk from balances with banks is managed by the Company in accordance with the Company's policy. Investments of surplus funds are made only with bank.

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 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 `)

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above	Total	Carrying Value
Non-derivative financial liabilities						
31 March, 2017						
Trade Payable	12,082,963	–	–	–	12,082,963	12,082,963
Total	**12,082,963**	**–**	**–**	**–**	**12,082,963**	**12,082,963**
31 March, 2016						
Trade Payable	12,075,833	–	–	–	12,075,833	12,075,833
Total	**12,075,833**	**–**	**–**	**–**	**12,075,833**	**12,075,833**
1 April, 2015						
Trade Payable	11,866,810	–	–	–	11,866,810	11,866,810
Other financial liabilities	200,000	–	–	–	200,000	200,000
Total	**12,066,810**	**–**	**–**	**–**	**12,066,810**	**12,066,810**

NOTES FORMING PART OF THE FINANCIAL STATEMENT S FOR THE YEAR ENDED 31ST MARCH, 2017

(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 `)

Particulars	Less than 1 Year	1-3 Years	3-4 Years	5 Years and above	Total	Carrying amount
Non-derivative financial assets						
31 March, 2017						
Non interest rate bearing	23,047,651	–	–	–	23,047,651	23,047,651
Fixed interest rate bearing	3,408,152	–	–	–	3,408,152	3,282,299
Total	**26,455,803**	**–**	**–**	**–**	**26,455,803**	**26,329,950**
31 March, 2016						
Non-interest bearing	22,398,513	–	–	–	22,398,513	22,398,513
Fixed interest rate instruments	3,146,474	1,767,480	–	–	4,913,954	4,614,554
Total	**25,544,987**	**1,767,480**	**–**	**–**	**27,312,467**	**27,013,067**
01 April, 2015						
Non-interest bearing	22,365,900	–	–	–	22,365,900	22,365,900
Fixed interest rate instruments	5,791,801	–	–	–	5,791,801	5,502,525
Total	**28,157,701**	**–**	**–**	**–**	**28,157,701**	**27,868,425**

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. 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 only in Indian Rupees and hence, there is no risk of foreign exchnage fluctuations.

(ii) 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 does not have significant exposure to the risk of changes in market interest rates.

(iii) Other price risk

The Company does not have significant other price risk.

Note 33 – 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 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 participant assumptions that is reasonably available.

(Amount in `)

Financial assets/financial liabilities	Fair value hierarchy as at 31st March, 2017			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
(i) Trade receivables	–	200,161	–	200,161
(ii) Cash and cash equivalents	–	22,830,600	–	22,830,600
(iii) Other bank balances	–	3,146,709	–	3,146,709
(iv) Other financial assets	–	152,480	–	152,480
Total	**–**	**26,329,950**	**–**	**26,329,950**
Financial liabilities				
Financial liabilities held at amortised cost				
(i) Trade payables	–	12,082,963	–	12,082,963
Total	**–**	**12,082,963**	**–**	**12,082,963**

NOTES FORMING PART OF THE FINANCIAL STATEMENT S FOR THE YEAR ENDED 31ST MARCH, 2017

(Amount in `)

Financial assets/financial liabilities	Fair value hierarchy as at 31st March, 2016 Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
(i) Trade receivables	–	22,113,421	–	22,113,421
(ii) Cash and cash equivalents	–	285,092	–	285,092
(iii) Other bank balances	–	4,524,676	–	4,524,676
(iv) Other financial assets	–	89,878	–	89,878
Total	**–**	**27,013,067**	**–**	**27,013,067**
Financial liabilities				
Financial liabilities held at amortised cost				
(i) Trade payables	–	12,075,833	–	12,075,833
Total	**–**	**12,075,833**	**–**	**12,075,833**

(Amount in `)

Financial assets/financial liabilities	Fair value hierarchy as at 31st March, 2015 Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
(i) Trade receivables	–	22,113,421	–	22,113,421
(ii) Cash and cash equivalents	–	252,479	–	252,479
(iii) Other bank balances	–	5,268,315	–	5,268,315
(iv) Other financial assets	–	234,210	–	234,210
Total	**–**	**27,868,425**	**–**	**27,868,425**
Financial liabilities				
Financial liabilities held at amortised cost				
(i) Trade payables	–	11,866,810	–	11,866,810
(ii) Other financial liabilities	–	200,000	–	200,000
Total	**–**	**12,066,810**	**–**	**12,066,810**

Financial assets measured at fair value

Financial assets	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 in equity instruments							
– New Tirupur Area Development Corporation Limited (NTADCL) (15,000,000 equity shares of ` 10 each)	–	–	–	Level 3		On the basis of NTADCL's own data, taking into account all information about market participant that is reasonably available.	NA
Total financial liabilities	–	–	–				

Note 34 – Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

For **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration No. 117365W

Uday M. Neogi
Partner
Membership No. 30235

Kinjal Vyas
Company Secretary
ACS: 35527

Place: Mumbai
Date: 20th April, 2017

Santosh J. Gupta
Chief Executive Officer

Simly Venu
Chief Financial Officer

Place: Mumbai
Date: 20th April, 2017

For and on behalf of the Board of Directors

Anita Arjundas	Chairperson	(DIN: 00243215)
Vijay Khetan	Director	(DIN: 00465161)
Sanjay Jain	Director	(DIN: 06446899)
Jayantt Manmadkar	Director	(DIN: 03044559)

Place: Mumbai
Date: 20th April, 2017

Form AOC-I

(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

Sl. No.	Particulars	Details
1.	Name of the subsidiary	Mahindra Water Utilities Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA
4.	Share capital	1,000,000
5.	Reserves & surplus	533,734,746
6.	Total assets	571,478,247
7.	Total Liabilities	36,743,501
8.	Investments	297,289
9.	Turnover	175,914,545
10.	Profit before taxation	55,730,212
11.	Provision for taxation	22,768,230
12.	Profit after taxation	32,961,982
13.	Proposed Dividend	NIL
14.	% of shareholding	98.99%

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

1. Names of subsidiaries which are yet to commence operations
2. Names of subsidiaries which have been liquidated or sold during the year.

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

	Joint Venture	Associate
Name of associates/Joint Ventures	Mahindra Inframan Water Utilities Private Limited	Rathna Bhoomi Enterprises Private Limited
1. Latest audited Balance Sheet Date	31.03.2017	31.03.2017
2. Shares of Associate/Joint Ventures held by the company on the year end	50%	50%
No.	24,999	500
Amount of Investment in Associates/Joint Venture	249,990	5000
Extend of Holding%	50%	50%
3. Description of how there is significant influence	Note A	Note A
4. Reason why the associate/joint venture is not consolidated		
5. Net worth attributable to shareholding as per latest audited Balance Sheet	218,184	10,64,758
6. Profit/Loss for the year		
i. Considered in Consolidation	131,551	57,462
ii. Not Considered in Consolidation	131,551	57,462

Note A: There is significant influence due to percentage (%) of Share Capital

1. Names of associates or joint ventures which are yet to commence operations.

2. Names of associates or joint ventures which have been liquidated or sold during the year.

Note: This Form is to be certified in the same manner in which the Balance Sheet is to be certified.

For **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration No. 117365W

Uday M. Neogi
Partner
Membership No. 30235

Place: Mumbai
Date: 20th April, 2017

Kinjal Vyas
Company Secretary
ACS: 35527

Santosh J. Gupta
Chief Executive Officer

Simly Venu
Chief Financial Officer

Place: Mumbai
Date: 20th April, 2017

For and on behalf of the Board of Directors

Anita Arjundas	Chairperson	(DIN: 00243215)
Vijay Khetan	Director	(DIN: 00465161)
Sanjay Jain	Director	(DIN: 06446899)
Jayantt Manmadkar	Director	(DIN: 03044559)

Place: Mumbai
Date: 20th April, 2017

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their Twelfth report together with the audited financial statement of your Company for the financial 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	**23,791**	20,556
Profit/(Loss) Before Depreciation, Finance Cost and Taxation	**(938,653)**	(33,682)
Less: Depreciation	**NIL**	Nil
Profit/(Loss) Before Finance Cost and Taxation	**(938,653)**	(33,682)
Less: Finance Cost	**2,081,589**	Nil
Profit/(Loss) Before Taxation	**(3,020,242)**	(33,682)
Less: Provision for Taxation	**NIL**	Nil
Profit/(Loss) for the year after Taxation	**(3,020,242)**	(38,445)
Add: Balance of Profit/(Loss) for earlier years	**(11,417,655)**	(11,379,210)
Balance carried forward to the Balance Sheet	**(14,437,897)**	(11,417,655)

Indian Accounting Standards

The financial statements for the financial year 2016-17 have been prepared in accordance with 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

In view of the carried forward losses, no dividend has been recommended by the Directors for the financial year 2016-17.

Reserves

In view of loss for the year, no amount has been transferred to reserves.

Operations

The Company is evaluating suitable opportunities for the developments of industrial clusters / residential developments.

No material changes and commitments have occurred after the close of the year till the close of this Report, which affect the financial position of the Company.

The financial statement for the year under review have been prepared on the basis of going concern status of the Company.

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

Amalgamation

The Board of Directors at its meeting held on 10th October, 2016 decided to amalgamate Kismat Developers Private Limited, Topical Builders Private Limited and Raigad Industrial & Business Park Limited with the Company by approving a Scheme of Amalgamation envisaging the terms of amalgamation and valuation report issued by an Independent Valuer.

Basis the valuation report, the Company shall issue and allot:

a. To the equity shareholder of Kismat Developers Private Limited (KDPL), 1 (one) 8.5% Non-cumulative Redeemable Preference share (NCRPS) of ` 10 each for every 1 (one) equity share of ` 10 each held in KDPL;

b. To the preference shareholder of KDPL, 1 (one) 8.5% Non-cumulative Redeemable Preference share of ` 10 each for every 1 (one) 8.5% Non-cumulative Redeemable Preference share of ` 10 each held in KDPL;

c. To the equity shareholder of Topical Builders Private Limited (TBPL),1 (one) 8.5% Non-cumulative Redeemable Preference share of ` 10 each for every 1 (one) equity share of ` 10 each held in TBPL;

d. To the preference shareholder of TBPL, 1 (one) 8.5% Non-cumulative Redeemable Preference share of ` 10 each for every 1 (one) 8.5% Non-cumulative Redeemable Preference share of ` 10 each held in TBPL;

e. To the equity shareholder of Raigad Industrial & Business Park Limited (RIBPL), 3 (three) 8.5% Non-cumulative Redeemable Preference share of ` 10 each for every 2 (two) equity share of ` 10 each held in RIBPL.

The Company Summons for Direction was filed with Hon'ble High Court of Bombay. With the advent of National Company Law Tribunal (NCLT), the Company Summons for Direction was transferred to NCLT, Mumbai Bench. NCLT, Mumbai Bench vide its order dated 22nd March, 2017 inter alia directed the Company to convene meeting of equity shareholders on 16th May, 2017 for seeking approval of the equity shareholders to the Scheme of Amalgamation. Subject to approval of the equity shareholders, the Company will submit Company Scheme Petition with NCLT, Mumbai for seeking approval of the Scheme of Amalgamation.

Share Capital

Authorised equity share capital of the Company is ` 15,000,000 and Paid-up equity share capital of the Company is ` 11,704,000 crore.

During the year, the Company has neither issued any shares (including equity shares with differential rights or any sweat equity share) nor granted employee stock options. Further, there were no shares having voting rights not exercised directly by the employees for the purchase of which or subscription to which loan was given by the Company.

Non-Convertible Debentures

During the year, the Company has not issued/allotted any non-convertible debentures.

Networth

The networth of the Company at the close of the previous financial year (FY 2015-16) and at the close of the current financial year (FY 2016-17) was ` 286,345 and (` 2,733,897) respectively.

Holding Company

The Company is a wholly owned subsidiary company of Mahindra Lifespace Developers Limited and consequently a subsidiary company of the ultimate holding company Mahindra & Mahindra Limited.

During the year, no company became/ceased to be subsidiary or associate or joint venture company of the Company. Therefore, the requirements of consolidated financial statement are not applicable to the Company.

Board of Directors

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

Name of Director	DIN	Designation
Ms. Sangeeta Prasad	02791944	Chairperson, Non-Executive Non-Independent Director
Mr. Vijay Paradkar	00149410	Non-Executive Non-Independent Director
Mr. Suhas Kulkarni	00003936	Non-Executive Non-Independent Director

Pursuant to Section 152 of the Companies Act, 2013, Mr. Vijay Paradkar (00149410) a Non-executive and Non-Independent Director retires by rotation at the 12th Annual General Meeting of the Company and being eligible has offered himself for re-appointment. Mr. Paradkar is not disqualified from being re-appointed as a Director by virtue of the provisions of Section 164 of the Companies Act, 2013.

During the year, Ms. Anita Arjundas, due to pre-occupation, resigned as a Director of the Company with effect from 10th October, 2016. The Board places on record its deep appreciation of the valuable services rendered by her during her tenure as a Director of the Company.

Key Managerial Personnel

As the Company, does not meet threshold limit for the paid-up share capital, the provisions of the Companies Act, 2013 with respect to appointment of Key Managerial Personnel are currently not applicable to the Company.

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 and Rules made thereunder, the provisions with respect to CSR are currently not applicable to the Company.

Audit Committee

As the Company, does not meet any of the criteria prescribed under Section 177 of the Companies Act, 2013 and Rules made thereunder, the provisions with respect to Audit Committee are currently not applicable to the Company.

Nomination and Remuneration Committee

As the Company, does not meet any of the criteria prescribed under Section 178 of the Companies Act, 2013 and Rules thereunder, the provisions with respect to Nomination & Remuneration Committee are currently not applicable to the Company.

Meetings

During the year, four (4) Board Meetings were convened and held on 20th April, 2016, 21st July, 2016, 10th October, 2016 and 18th 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
1.	Ms. Anita Arjundas (Resigned wef 10th October, 2016)	1
2.	Ms. Sangeeta Prasad	3
3.	Mr. Suhas Kulkarni	4
4.	Mr. Vijay Paradkar	4

The previous Annual General Meeting of the Company was held on 21st July, 2016.

Code of Conduct

The Company has adopted Codes of Conduct ("the Codes") 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 year under review, received declarations under the Codes from the Board members of the Company affirming compliance with the respective Codes.

Directors' Responsibility Statement

Pursuant to Section 134(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, if any;

b. the Company has selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent to give a true and fair view of the of the company at the end of the financial year 31st March, 2017 and of the loss of the company for that period;

c. the Company has 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. the Company has prepared the annual accounts on a going concern basis; and

e. the Company has devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Internal Financial Controls

The Company has in place adequate internal financial controls with reference to the financial statements. The Board reviews the internal control systems with the auditors.

Vigil Mechanism

As the Company, does not meet the prescribed criteria given under Section 177 of the Companies Act, 2013, the requirements for establishment of vigil mechanism are currently not applicable to the Company.

Risk Management

The Company 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

M/s. B. K. Khare & Co., Chartered Accountants, Mumbai (ICAI Registration Number-105102W), were appointed as auditors for a term of five consecutive years from the conclusion of 9th Annual General Meeting till the conclusion of the 14th Annual General Meeting to be held in 2019. Pursuant to Section 139(1) of the Companies Act, 2013, the Company shall place the matter relating to appointment of auditors for ratification by members at every Annual General Meeting. The members are requested to ratify the appointment of Statutory Auditors from the conclusion of the 12th Annual General Meeting till the conclusion of the 14th Annual General Meeting to be held in 2019.

As required under the provisions of Section 139(1) and 141 of the Companies Act, 2013 read with the Companies (Accounts and Auditors) Rules, 2014, the Company has received a written consent and certificate from the above auditors whose appointment is proposed to be ratified, to the effect that their appointment, if made, would be in conformity with the limits specified in the said section.

The Auditor's Report does not contain any qualification, reservation or adverse remark and therefore does not call for any further comments.

The requirements of having internal auditor, cost auditor and secretarial auditor are presently not applicable to the Company.

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

As your Company is 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 particulars of investment made during the year are provided in the financial statement at note no 5.

Contracts and Arrangements with Related Parties

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract/arrangement with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 which could be considered material. Accordingly, the disclosure of related party transaction to be provided under section 134(3)(h) of the Companies Act, 2013, in form AOC-2 is not applicable to the Company.

Deposits, Loan and Advances

The Company has not accepted any deposits from the public or its employees during the year under review within the meaning of Section 73 of the Companies Act, 2013.

The Company has not made any loans and advances of the nature which are required to be disclosed in the annual accounts of the Company pursuant to Regulation 34(3) and 53(f) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable to the holding company Mahindra Lifespace Developers Limited.

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

The particulars relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as per Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 during the year are given in the prescribed format in the **Annexure 1** to this report.

Employee Remuneration

Being an unlisted Company, the details of employee remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies

(Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to the company.

Extract of Annual Return

The details forming part of the extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 is included in this Report as **Annexure 2** and forms part of this Report.

General

- During the year, there were no cases filed/reported pursuant to the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013.
- No 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 of the Company.

Cautionary statement

Certain statements in the Directors' Report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.

Acknowledgment

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

For and on behalf of the Board,

Sangeeta Prasad
Chairperson
DIN : 02791944

Mumbai, 13th April, 2017

ANNEXURE 1

A. CONSERVATION OF ENERGY

(i)	the steps taken or impact on conservation of energy	:	The Company is evaluating suitable opportunity in large format development and residential development and adequate energy conservation measures will be taken at an appropriate time
(ii)	the steps taken by the company for utilising alternate sources of energy	:	Not Applicable
(iii)	the capital investment on energy conservation equipments	:	Nil

B. TECHNOLOGY ABSORPTION

(i)	the efforts made towards technology absorption	:	The Company has not carried out any R&D activities during the year. The Company intends to initiate quality improvement measures at an appropriate time.
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	:	Not Applicable
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	:	Not Applicable
(iv)	the expenditure incurred on Research and Development	:	Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, there were no transactions involving foreign exchange earnings in terms of actual inflows and the Foreign Exchange outgo in terms of actual outflows.

For and on behalf of the Board,

Sangeeta Prasad
Chairperson
DIN : 02791944

Mumbai, 13th April, 2017

ANNEXURE 2

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**	U45309MH2005PLC156225
2.	**Registration Date**	21/09/2005
3.	**Name of the Company**	Mahindra World City (Maharashtra) 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, Dr G M Bhosale Marg, Worli, Mumbai - 400 018 Tel: (022) 67478600/8601
6.	**Whether listed Company (Yes/No)**	No
7.	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	Not Applicable

2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product*	% to total turnover of the Company#
1.	Construction of Buildings	410	Nil
2.	Real estate activities with own or leased property	681	Nil
3.	Landscape care and maintenance service activities	813	Nil

*As per National Industrial Classification- Ministry of Statistics and Programme Implementation

The Company is evaluating suitable Business opportunities for large format development and residential developments.

3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Mahindra Lifespace Developers Limited Address: Mahindra Towers, 5th Floor, Dr G M Bhosale Marg, Worli, Mumbai 400 018	L45200MH1999PLC118949	Holding	100%	2(46)
2.	Mahindra and Mahindra Limited Address: Gateway Building, Apollo, Bunder, Mumbai – 400 001	L65990MH1945PLC004558	Ultimate Holding	–	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.	–	1,170,400	1,170,400	100	–	1,170,400	1,170,400	100	–
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other...	–	–	–	–	–	–	–	–	–
Sub-total (A)(1):-	–	1,170,400	1,170,400	100	–	1,170,400	1,170,400	100	–

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(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)	–	1,170,400	1,170,400	100	–	1,170,400	1,170,400	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 ` 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of ` 1 Lakh	–	–	–	–	–	–	–	–	–
c) Others (Non Resident Individuals)	–	–	–	–	–	–	–	–	–
d) Others Trust	–	–	–	–	–	–	–	–	–
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)	–	**1,170,400**	**1,170,400**	**100**	–	**1,170,400**	**1,170,400**	**100**	–

(ii) Shareholding of Promoters:

Sr. No.	Shareholders Name	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% change during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1.	Mahindra Lifespace Developers Limited	1,170,340	100	–	1,170,340	100	–	–
2.	Mahindra Lifespace Developers Ltd & Mr. Arun Nanda	10	0.00	–	10	0.00	–	–
3.	Mahindra Lifespace Developers Ltd & Mr. Suhas Kulkarni	10	0.00	–	10	0.00	–	–
4.	Mahindra Lifespace Developers Ltd & Mr. Rajan Narayan	10	0.00	–	0	0.00	–	0.00
5.	Mahindra Lifespace Developers Ltd & Ms. Sangeeta Prasad	0	0.00	–	10	0.00	–	0.00
6.	Mahindra Lifespace Developers Ltd & Mr. Ulhas Bhosale	10	0.00	–	10	0.00	–	–
7.	Mahindra Lifespace Developers Ltd & Ms. Anita Arjundas	10	0.00	–	10	0.00	–	–
8.	Mahindra Lifespace Developers Ltd & Mr. Jayantt Manmadkar	10	0.00	–	10	0.00	–	–

(iii) Change in Promoters' Shareholding (please specify, if there is no change): There is no change in the shareholding of the promoters. However, during the year, 10 shares held by Mahindra Lifespace Developers Limited jointly with Mr. Rajan Narayan were transferred to Mahindra Lifespace Developers Limited jointly with Ms. Sangeeta Prasad.

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

(v) Shareholding of Directors and Key Managerial Personnel:

For each of Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
Ms. Sangeeta Prasad - Director* At the beginning of the year	–	–	–	–
Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment /transfer/ bonus/sweat equity etc):	–	–	10 (transfer of Shares on 10.10.2016)	0.00
At the End of the year	10	0.00	10	0.00
Mr. Suhas Kulkarni – Director* At the beginning of the year	10	0.00	10	0.00
Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment /transfer/ bonus/sweat equity etc):	–	–	–	–
At the end of the year	10	0.00	10	0.00

Note:

**** Jointly with Mahindra Lifespace Developers Limited (first holder).***

5. INDEBTEDNESS

Indebtedness of the Company including interest 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	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	–	–	–
Change in Indebtedness during the financial year				
– Addition	–	36,000,000	–	**36,000,000**
– Reduction	–	–	–	–
Net Change	–	**36,000,000**	–	**36,000,000**
Indebtedness at the end of the financial year				
i) Principal Amount	–	36,000,000	–	36,000,000
ii) Interest due but not paid	–	2,081,589	–	2,081,589
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	**38,081,589**	–	**38,081,589**

6. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. **Remuneration to Managing Director, Whole–Time Directors and/or Manager:** Not Applicable

B. **Remuneration of other directors:** Not Applicable

C. **Remuneration to Key Managerial Personnel other than Managing Director/Manager/ Whole Time Director:** NIL

7. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/Court]	Appeal made, if any (give details)
A. Company					
Penalty					
Punishment			None		
Compounding					
B. Directors					
Penalty					
Punishment			None		
Compounding					
C. Other Officers In Default					
Penalty					
Punishment			None		
Compounding					

For and on behalf of the Board,

Sangeeta Prasad
Chairperson
DIN: 02791944

Mumbai, 13th April, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
MAHINDRA WORLD CITY (MAHARASHTRA) LIMITED

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Mahindra World City (Maharashtra) 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 31 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, 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 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 B K Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Himanshu Chapsey
Partner
Membership No. 105731

Place: Mumbai
Date: 13th April 2017

ANNEXURE "A" TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the accounts of Members of Mahindra World City (Maharashtra) Limited for the year ended 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 have any inventory, the provisions of para 3(ii) of the Order are not applicable to the Company.

3) The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Act. Hence, the provisions of para 3(iii) of the Order are not applicable.

4) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148(1) of the Act.

7) i) According to the records of the Company, the Company is has been regular in depositing with appropriate authorities undisputed statutory dues of tax deducted at source. The Company had no employees during the year and also did not have any operations and hence did not have any Provident Fund, employees state insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, cess and other statutory dues payable by it. According to the information and explanations given to us, no undisputed amounts payable in respect of tax deducted at source were outstanding as on March 31, 2017, for a period of more than 6 months from the date they become payable.

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, there are no transactions with related parties during the year. Hence, the provisions of para 3(xiii) of the Order are not applicable to the Company.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. : 105102W

Himanshu Chapsey
Partner
Membership No.: 105731

Place: Mumbai
Date: 13th April 2017

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MAHINDRA WORLD CITY (MAHARASHTRA) LIMITED

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

We have audited the internal financial controls over financial reporting of Mahindra World City (Maharashtra) Limited ("the Company") as of 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.

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

Himanshu Chapsey
Partner
Membership No.: 105731

Place: Mumbai
Date: 13th April 2017

BALANCE SHEET AS AT ENDED 31ST MARCH, 2017

(Amount in `)

		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	5	**–**	1	1
	(b) Financial Assets				
	(i) Investments	6	**35,000,000**	–	–
	SUB-TOTAL		**35,000,000**	1	1
	CURRENT ASSETS				
	(a) Financial Assets				
	(i) Cash and Cash Equivalents	7	**393,706**	319,012	345,885
	(b) Other Current Assets	8	**36,757**	66,082	64,674
	SUB-TOTAL		**430,463**	385,094	410,559
	TOTAL ASSETS		**35,430,463**	385,095	410,560
II	**EQUITY AND LIABILITIES**				
	EQUITY				
	(a) Equity Share Capital	9	**11,704,000**	11,704,000	11,704,000
	(b) Other Equity	10	**(14,437,897)**	(11,417,655)	(11,379,210)
	SUB-TOTAL		**(2,733,897)**	286,345	324,790
	LIABILITIES				
	NON-CURRENT LIABILITIES				
	(a) Financial Liabilities				
	(i) Borrowings	11	**36,000,000**	–	–
	SUB-TOTAL		**36,000,000**	–	–
	CURRENT LIABILITIES				
	(a) Financial Liabilities				
	(i) Trade Payables	12	**82,771**	98,750	85,770
	(ii) Other Financial Liabilities	13	**1,873,430**	–	–
	(b) Other Current Liabilities	14	**208,159**	–	–
	SUB-TOTAL		**2,164,360**	98,750	85,770
	TOTAL		**35,430,463**	385,095	410,560

See accompanying notes forming part of the financial statements

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Himanshu Chapsey
Partner
Membership No.: 105731

Place : Mumbai
Date : 13th April, 2017

For and on behalf of the Board of Directors

Sangeeta Prasad Chairperson (DIN-02791944)

Vijay Paradkar Director (DIN-00149410)

Suhas Kulkarni Director (DIN-00003936)

Place : Mumbai
Date : 13th April, 2017

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

(Amount in `)

	Particulars	Note No.	As at 31st March, 2017	As at 31st March, 2016
	Continuining Operations			
I	Other Income	15	**23,791**	20,556
II	**Total Revenue (I)**		**23,791**	20,556
III	**EXPENSES**			
	(a) Finance costs	16	**2,081,589**	–
	(b) Other expenses	17	**962,444**	54,238
	Total Expenses (III)		**3,044,033**	54,238
IV	**Profit/(loss) before tax**		**(3,020,242)**	(33,682)
V	**Tax Expense**			
	(1) Current tax		**–**	4,763
	Total tax expense		**–**	4,763
VI	**Profit/(loss) for the period (IV-V)**		**(3,020,242)**	(38,445)
VII	**Earnings per equity share (for continuing operation):**			
	(1) Basic/Diluted	18	**(2.58)**	(0.03)

See accompanying notes forming part of the financial statements

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Himanshu Chapsey
Partner
Membership No.: 105731

Place : Mumbai
Date : 13th April, 2017

For and on behalf of the Board of Directors

Sangeeta Prasad	Chairperson	(DIN-02791944)
Vijay Paradkar	Director	(DIN-00149410)
Suhas Kulkarni	Director	(DIN-00003936)

Place : Mumbai
Date : 13th April, 2017

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

(Amount in `)

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Cash flows from operating activities		
Profit before tax for the year	**(3,020,242)**	(33,682)
Adjustments for:		
Finance costs recognised in profit or loss	**(23,791)**	(20,556)
	(3,044,033)	(54,238)
Movements in working capital:		
(Increase)/decrease in other assets	**29,325**	(1,408)
(Decrease)/increase in other liabilities	**2,065,610**	12,980
Income taxes paid	**–**	(4,763)
Net cash generated by operating activities	**(949,098)**	(47,429)
Cash flows from investing activities		
Payments to acquire Shares	**(35,000,000)**	–
Interest received	**23,791**	20,556
Net cash (used in)/generated by investing activities	**(34,976,209)**	20,556
Cash flows from financing activities		
Proceeds from borrowings	**36,000,000**	–
Net cash used in financing activities	**36,000,000**	–
Net increase in cash and cash equivalents	**74,694**	(26,873)
Cash and cash equivalents at the beginning of the year	**319,012**	345,885
Cash and cash equivalents at the end of the year	**393,706**	319,012

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Himanshu Chapsey
Partner
Membership No.: 105731

Place : Mumbai
Date : 13th April, 2017

For and on behalf of the Board of Directors

Sangeeta Prasad Chairperson (DIN-02791944)

Vijay Paradkar Director (DIN-00149410)

Suhas Kulkarni Director (DIN-00003936)

Place : Mumbai
Date : 13th April, 2017

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

(Amount in `)

A. Equity share capital	
As at 1st April, 2015	11,704,000
Changes in equity share capital during the year	–
As at 31st March, 2016	11,704,000
Changes in equity share capital during the year	–
As at 31st March, 2017	**11,704,000**

B. Other Equity	**Retained earnings (Amount in `)**
Balance as at 1st April, 2015 (A)	**(11,379,210)**
Profit/(Loss) for the year (B)	(38,445)
Other comprehensive income (C)	–
Total comprehensive income (D) = [(B)+(C)]	(38,445)
Balance as 31st March, 2016 (E) = [(A)+ (D)]	**(11,417,655)**
Profit/(Loss) for the year (F)	(3,020,242)
Other comprehensive income (G)	–
Total comprehensive income (H) = [(F)+(G)]	(3,020,242)
Balance as at 31st March, 2017 (I) = [(F)+(H)]	**(14,437,897)**

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Himanshu Chapsey
Partner
Membership No.: 105731

Place : Mumbai
Date : 13th April, 2017

For and on behalf of the Board of Directors

Sangeeta Prasad Chairperson (DIN-02791944)

Vijay Paradkar Director (DIN-00149410)

Suhas Kulkarni Director (DIN-00003936)

Place : Mumbai
Date : 13th April, 2017

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

1. Corporate information

Mahindra World City (Maharashtra) Limited ("the Company") is a public company incorporated in 2005 under the provisions of erstwhile Companies Act, 1956. The registered office of the Company is located at 5th Floor, Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400 018.

The Company is in the business of development of Multi product SEZ in Maharashtra as a joint venture with Maharashtra Industrial Development Corporation (MIDC).

The Company is subsidiary of Mahindra Lifespace Developers Limited, Mumbai, a company incorporated in India. The ultimate parent company is Mahindra & Mahindra Limited.

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 31st 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 31st March, 2017 are the Company's first Ind AS financial statements. The date of transition to Ind AS is 1st April, 2015. Refer to Note No. 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 (`) which is also the Company's functional currency.

The financial statements were approved by the Board of Directors and authorised for issue on 13th April, 2017.

2.2 Property, plant and 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.

Financial assets and Liabilities

2.3 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 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.

2.4 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 market place.

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

2.4.1 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 allowances at an amount equal to lifetime expected credit losses.

2.4.2 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.

2.5 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.

2.5.1 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 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 the statement of profit and loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.5.1.1 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at Fair value through profit and loss.

2.5.1.2 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 the 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 the statement of profit and loss.

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

2.6 Revenue recognition

Interest Income is accounted for on time proportion basis.

2.7 Taxation

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

2.7.1 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.

2.7.2 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

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.

2.7.3 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.

2.7.4 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.

2.8 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.

2.9 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/(loss) for the year is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

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.

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

Mandatory exceptions:

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.

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.

Optional exemptions:

Deemed cost for property, plant and equipment

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. Consequently, cost in respect of property, plant and equipment has been retrospectively remeasured in accordance with Ind AS.

Deemed cost for Investments in subsidiary, joint ventures and associates

The company has elected the exemption of previous GAAP carrying amount of its investments in subsidiary, joint ventures and associates as of 1st April, 2015 (transition date) considering as deemed cost.

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

5. Property, Plant and Equipment

(Amount in `)

Description of Assets	Computers	Total
I. Gross Carrying Amount		
Balance as at 1st April, 2016	–	–
Additions	–	–
Acquisitions through business combinations	–	–
Disposals	–	–
Reclassified as held for sale	–	–
Others [describe]	–	–
Balance as at 31st March, 2017	–	–
II. Accumulated depreciation and impairment	–	–
Balance as at 1st April, 2016	–	–
Depreciation expense for the year	–	–
Eliminated on disposal of assets	–	–
Eliminated on reclassification as held for sale	–	–
Impairment losses recognised in profit or loss	–	–
Reversals of impairment losses recognised in profit or loss	–	–
Others [describe]	–	–
Balance as at 31st March, 2017	–	–
III. Net carrying amount (I-II)	–	–
	–	–

(Amount in `)

Description of Assets	Computers	Total
I. Gross Carrying Amount		
Balance as at 1st April, 2015	61,882	61,882
Additions	–	–
Acquisitions through business combinations	–	–
Disposals	–	–
Reclassified as held for sale	–	–
Others [describe]	61,882	61,882
Balance as at 31st March, 2016		61,882
II. Accumulated depreciation and impairment		
Balance as at 1st April, 2015	61,881	61,881
Depreciation expense for the year	–	–
Eliminated on disposal of assets	–	–
Eliminated on reclassification as held for sale	–	–
Impairment losses recognised in profit or loss	–	–
Reversals of impairment losses recognised in profit or loss	–	–
Others [describe]		–
Balance as at 31st March, 2016	61,881	61,881
III. Net carrying amount (I-II)	1	1

6. Investments

(Amount in `)

Particulars	Face Value (`)	As at 31st March, 2017 Nos.	As at 31st March, 2017 Amount in (`)	As at 31st March, 2016 Nos.	As at 31st March, 2016 Amount in (`)	As at 1st April, 2015 Nos.	As at 1st April, 2015 Amount in (`)
A. Investments carried at cost or deemed cost							
I. Unquoted Investments (all fully paid)							
Investments in Equity Instruments							
– of associate							
Deep Mangal Developers Private Limited	700,000	**50**	**35,000,000**	–	–	–	–
Total (A)			**35,000,000**		**–**		**–**
Total Investments (A)			**35,000,000**		**–**		**–**

7. Cash and Bank Balances

(Amount in `)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Cash and cash equivalents			
(a) Balances with banks	**392,157**	317,463	344,336
(b) Cash on hand	**1,549**	1,549	1,549
Total Cash and cash equivalent	**393,706**	319,012	345,885
Other Bank Balances			
Total Other Bank balances	**393,706**	319,012	345,885

Reconciliation of Cash and Cash Equivalents

(Amount in `)

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	**393,706**	319,012	345,885
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	**393,706**	319,012	345,885

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

8. Other assets

Particulars	As at 31st March, 2017 Current	As at 31st March, 2016 Current	As at 1st April, 2015 Current
(a) Advances other than capital advances			
(i) Balances with government authorities (other than income taxes)	**36,757**	66,082	64,674
	36,757	66,082	64,674

9. Equity Share Capital

Particulars	As at 31st March, 2017		As at 31st March, 2016		As at 1st April, 2015	
	No. of shares	Amt `	No. of shares	Amt `	No. of shares	Amt `
Authorised:						
Equity shares of `10 each with voting rights	**1,500,000**	**15,000,000**	1,500,000	15,000,000	1,500,000	15,000,000
Equity shares of `10 each with differential voting rights	–	–	–	–	–	–
Preference shares of `10 each	–	–	–	–	–	–
Issued, Subscribed and Fully Paid:						
Equity shares of `10 each with voting rights	**1,170,400**	**11,704,000**	1,170,400	11,704,000	1,170,400	11,704,000
Equity shares of `10 each with differential voting rights	–	–	–	–	–	–
Preference shares of `10 each	–	–	–	–	–	–
Issued, Subscribed and Partly Paid:						
Equity shares of `10 each with voting rights	**1,170,400**	**11,704,000**	1,170,400	11,704,000	1,170,400	11,704,000
Equity shares of `10 each with differential voting rights	–	–	–	–	–	–
Preference shares of `10 each	–	–	–	–	–	–
Total	**1,170,400**	**11,704,000**	1,170,400	11,704,000	1,170,400	11,704,000

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

Particulars		Opening Balance	Other Changes	Closing Balance
Year Ended 31st March, 2016				
	No. of Shares	1,170,400		1,170,400
	Amount	11,704,000		11,704,000
Year Ended 1st April, 2015				
	No. of Shares	1,170,400		1,170,400
	Amount	11,704,000		11,704,000

(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
As at 31st March 2017	
Mahindra Lifespace Developers Ltd.	1,170,400
As at 31st March 2016	
Mahindra Lifespace Developers Ltd.	1,170,400
As at 1st April 2015	
Mahindra Lifespace Developers Ltd.	1,170,400

(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 Lifespace Developers Ltd.	**1,170,400**	**100.00%**	1,170,400	100.00%	1,170,400	100.00%

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

10. Other equity

(Amount in `)

Particulars	Retained earnings	Total
Balance as at 31st March, 2016	**(11,417,655)**	**(11,417,655)**
Profit/(Loss) for the year	(3,020,242)	(3,020,242)
Other comprehensive income	–	–
Total comprehensive income	(3,020,242)	(3,020,242)
Balance at 31st March, 2017	**(14,437,897)**	**(14,437,897)**
Balance as at 1st April, 2015	(11,379,210)	(11,379,210)
Profit/(Loss) for the year	(38,445)	(38,445)
Other comprehensive income	–	–
Total Comprehensive income	(38,445)	(38,445)
Balance as at 31st March, 2016	**(11,417,655)**	**(11,417,655)**

11. Non-Current Borrowings

(Amount in `)

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. Unsecured Borrowings - at amortised Cost					
(a) Deposits	10.50%	12–Sep–17	**36,000,000**	–	–
Total Unsecured Borrowings			**36,000,000**	–	–
Total Borrowings			**36,000,000**	–	–

12. Trade Payables

Particulars	**As at 31st March, 2017 Current**	As at 31st March, 2016 Current	As at 1st April, 2015 Current
Trade payable - Micro and small enterprises	**–**	–	–
Trade payable - Other than micro and small enterprises	**82,771**	98,750	85,770
Total trade payables	**82,771**	98,750	85,770

Note:

(i) No Companies have been identified under the Micro, Small and Medium Enterprises Development Act, 2006 and hence the disclosure as required by Notification No. G.S.R. 719 (E), dated 16 November, 2007 issued by the Ministry of Corporate Affairs is not applicable.

13. Other Financial Liabilities

(Amount in `)

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	1,873,430	–	–
Total other financial liabilities	**1,873,430**	**–**	**–**

14. Other Liabilities

Particulars	**As at 31st March, 2017 Current**	As at 31st March, 2016 Current	As at 1st April, 2015 Current
a. Statutory dues			
– taxes payable (other than income taxes)	**208,159**	–	–
TOTAL OTHER LIABILITIES	**208,159**	–	–

15. Other Income

Particulars	**As at 31st March, 2017**	As at 31st March, 2016
(a) Interest Income		
on bank deposits	**23,791**	20,556
Total Other Income	**23,791**	20,556

16. Finance Cost

Particulars	**As at 31st March, 2017**	As at 31st March, 2016
(a) Interest expense	**2,081,589**	–
Total finance costs	**2,081,589**	–

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

17. Other Expenses

Particulars	As at 31st March, 2017	As at 31st March, 2016
(a) Rates and taxes	**87,500**	–
(b) Auditors remuneration and out-of-pocket expenses		
(i) As Auditors	**28,750**	28,625
(c) Other expenses		
(i) Legal and other professional costs	**843,124**	25,613
(ii) Miscellaneous expenses	**3,070**	–
Total Other Expenses	**962,444**	54,238

18. Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Current Tax:		
In respect of current year	**–**	4,763
Deferred Tax:		
Total income tax expense on continuing operations	**–**	4,763

19. Earnings per Share

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
	Per Share	Per Share
Basic Earnings per share		
From continuing operations	**(2.58)**	(0.03)
From discontinuing operations	**–**	–
Total basic earnings per share	**(2.58)**	(0.03)
Diluted Earnings per share	**(2.58)**	(0.03)
From continuing operations		
From discontinuing operations		
Total diluted earnings per share	**(2.58)**	(0.03)

	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	**(3,020,242)**	(38,445)
Less: Preference dividend and tax thereon		
Profit/(loss) for the year used in the calculation of basic earnings per share	**(3,020,242)**	(38,445)
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	**(3,020,242)**	(38,445)
Weighted average number of equity shares	**1170400**	1170400
Earnings per share from continuing operations - Basic	**(2.58)**	(0.03)

20. Financial Instruments

Capital management

The Company's capital management objectives are:

- safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders
- maintain an optimal capital structure to reduce the cost of capital

The Management of the Company monitors the capital structure using debt ratio which is determined as the proportion of total debt to total equity.

Debt ratios are as follows:	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Debt (A)	**36,000,000**	–	–
Equity (B)	**(2,733,897)**	286,345	324,790
Debt Ratio (A / B)	**(13.17)**	–	–

Categories of financial assets and financial liabilities

The following tables shows the carrying amount and fair values of financial assets and financial liabilities by category:

As at 31st March, 2017

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	35,000,000			**35,000,000**
Current Assets				
Other Bank Balances	393,706			**393,706**
Non-current Liabilities				
Borrowings	36,000,000			**36,000,000**
Current Liabilities				
Trade Payables	82,771			**82,771**
Other Financial Liabilities				
– Non Derivative Financial Liabilities	1,873,430			**1,873,430**

As at 31st March, 2016

	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Other Bank Balances	319,012			**319,012**
Current Liabilities				
Trade Payables	98,750			**98,750**

As at 1 April, 2015

	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Other Bank Balances	345,885			**345,885**
Current Liabilities				
Trade Payables	85,770			**85,770**

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

[II] 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 not exposed to credit risk .

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 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
Non-derivative financial liabilities			
31-Mar-17			
Long Term Borrowing			
Long Term Borrowing - Principal	–	36,000,000	–

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. 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 only in Indian Rupees and hence, there is no risk of foreign exchnage fluctuations.

(ii) 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 does not have exposure to the risk of changes in market interest rates.

(iii) Other price risk

The Company does not have other price risk.

21. 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.

	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						
– cash & cash equivalents	393,706	–	319,012	–	345,885	–
	393,706	–	319,012	–	345,885	–
Financial liabilities						
Financial liabilities held at amortised cost						
– loans from other entities	36,000,000	–	–			
– other financial liablities	1,873,430	–	–	–	–	–
Total	37,873,430	–	–	–	–	–

(Amount in `)

Financial assets/financial liabilities	**Fair value hierarchy as at 31st March, 2017**			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
(i) Cash and cash equivalents	–	393,706	–	393,706
Total	–	393,706	–	393,706

(Amount in `)

Financial assets/financial liabilities	**Fair value hierarchy as at 31st March, 2017**			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial liabilities				
Financial liabilities held at amortised cost				
(i) Long term loan		36,000,000		36,000,000
(ii) Other financial liablities	–	1,873,430	–	1,873,430
Total	–	**37,873,430**	–	**37,873,430**

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

(Amount in `)

Financial assets/financial liabilities	**Fair value hierarchy as at 31st March, 2016**			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
(i) Cash and cash equivalents	–	319,012	–	319,012
Total	–	319,012	–	319,012

Financial assets/ financial liabilities	**Fair value hierarchy as at 1st April, 2015**			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
(ii) Cash and cash equivalents	–	345,885	–	345,885
Total	**–**	**345,885**	**–**	**345,885**

Note: The Group has not disclosed the fair value for financial instruments, because the carrying amounts are a reasonable approximation of fair value.

22. **Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 :**

(Amount in `)

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 8th November, 2016	**–**	**1,549**	**1,549**
(+) Permitted receipts	–	–	–
(–) Permitted payments	–	–	–
(–) Amount deposited in Banks	–	–	–
Closing cash in hand as on 30th December, 2016	**–**	**1,549**	**1,549**

23. The accounts of the Company for the year ended 31st March, 2017 have been prepared on the basis of going concern.

24. Previous year's figures have been regrouped/reclassified wherever necessary to correspondent with the Current Year's classification/ disclosure.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Himanshu Chapsey
Partner
Membership No.: 105731

Place : Mumbai
Date : 13th April, 2017

For and on behalf of the Board of Directors

Sangeeta Prasad	Chairperson	(DIN-02791944)
Vijay Paradkar	Director	(DIN-00149410)
Suhas Kulkarni	Director	(DIN-00003936)

Place : Mumbai
Date : 13th April, 2017

DIRECTORS' REPORT

Directors' Report to the Members

Your Directors present their Tenth report together with the audited financial statement of your Company for the financial 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	**4.63**	Nil
Profit/(Loss) Before Depreciation, Finance Cost and Taxation	**2.93**	(0.55)
Less: Depreciation	**(0.05)**	(0.05)
Profit/(Loss) Before Finance Cost and Taxation	**2.88**	(0.60)
Less: Finance Cost	**Nil**	Nil
Profit/(Loss) Before Taxation	**2.88**	(0.60)
Less: Provision for Taxation	**Nil**	Nil
Profit/(Loss) for the year after Taxation	**2.88**	(0.60)
Add: Balance of Profit /(Loss) for earlier years	**668.20**	(43.95)
Deemed Capital Contribution	**670.05**	712.71
Balance carried forward	**1,341.09**	668.16

Indian Accounting Standards

The financial statements for the financial year 2016-17 have been prepared in accordance with 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 resources of the Company, no dividend has been recommended by the 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 acquiring land to set up an integrated township in Maharashtra. During the year, the Company continued land acquisition in the targeted area. Due to procedural difficulties related to various approvals required for acquisition of land, which are being sorted out, the progress in land acquisition has been slow.

No material changes and commitments have occurred after the close of the year till the close of this Report, which affects the financial position of the Company.

The financial statement for the year under review has been prepared on the basis of going concern status of the Company.

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

Share Capital

Authorised Equity Share Capital of the Company is ` 5,000 Lakhs and Paid-up Equity Share Capital of the Company is ` 2,100 Lakhs.

During the year, the Company has neither issued any shares (including equity shares with differential rights or any sweat equity share) nor granted employee stock options. Further, there were no shares having voting rights not excercised directly by the employees for the purchase of which or subscription to which loan was given by the Company.

Optionally Convertible Redeemable Debentures (OCRDs)

During the year, in terms of the provision of the Companies Act, 2013 ("the Act") read with the Rules made thereunder, the Company has issued 1,937 Unsecured Optionally Convertible Redeemable Debentures (OCRDs) of face value of ` 1 lakh each aggregating ` 19.37 crore in lieu of and by adjusting the entire outstanding amount of the five-year unsecured loan of ` 19.37 Crore availed from the holding company Mahindra Lifespace Developers Limited (MLDL). The Company has also issued to MLDL 700 OCRDs of face value of ` 1 lakh each aggregating ` 7 crore. Total OCRDS issued and allotted by the Company aggregate to ` 26.37 crore.

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 ` 2,768.16 lakh and ` 3,441.09 lakh respectively.

Holding Company

The Company is a wholly owned subsidiary of Mahindra Lifespace Developers Limited and consequently a subsidiary company of the ultimate holding company Mahindra and Mahindra Limited.

During the year, no company has become/ceased to be subsidiary, associate or joint venture company of the Company. Therefore, the requirements of consolidated financial statement are not applicable to the Company.

Board of Directors

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

Name	DIN	Designation
Ms. Anita Arjundas	00243215	Chairperson, Non-Executive Non-Independent Director
Mr. Raghunath Murti	00082761	Independent Director
Mr. Vijay Khetan	00465161	Independent Director
Ms. Sangeeta Prasad	02791944	Non-Executive Non-Independent Director

Pursuant to Section 152 of the Companies Act, 2013, Ms. Anita Arjundas, a Non-executive Non-independent Director retires by rotation at the 10th Annual General Meeting of the Company and being eligible has offered herself for re-appointment. Ms. Anita Arjundas is not disqualified from being re-appointed as a Director by virtue of the provisions of Section 164 of the Companies Act, 2013.

Pursuant to Section 149(7) of the Act, declarations from all the Independent Directors have been received affirming their independene in accordance with the provision of Section 149(6) of the Act.

Key Managerial Personnel

As at 31st March, 2017, the Key Managerial Personnel (KMP) of the Company comprise of the following:

Sr. No.	Name	Designation
1	Mr. Suhas Kulkarni	Manager
2	Mr. Jasmin Suchak	Chief Financial Officer
3	Ms. Arti Shinde	Company Secretary

None of the KMP draw any remuneration from the Company. All of them draw remuneration from the holding company, Mahindra Lifespace Developers Limited. The Company pays to the holding company proportionate employee cost for all the KMP who are employees of the holding company, in relation to the work of the Company.

Commitees of the Board

Audit Committee

The Audit Committee comprises of two Independent Directors, namely Mr. Vijay Khetan and Mr. Raghunath Murti and one Non-Executive Non-Independent Director, Ms. Sangeeta Prasad. Mr. Vijay Khetan is the Chairman of the Committee. All members of the Audit Committee possess strong knowledge of accounting and financial management. The Chairperson, Chief Financial Officer, and Statutory Auditors are regularly invited to attend the Audit Committee Meetings. The Company Secretary is the Secretary to the Committee. The Board has accepted all recommendations of the Audit Committee made from time to time.

Corporate Social Responsibility (CSR)

As the Company does not meet any of the criteria prescribed under Section 135(1) of the Companies Act, 2013, the provisions with respect to CSR are currently not applicable to the Company.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of two Independent Directors, Mr. Vijay Khetan and Mr. Raghunath Murti and two Non-Executive Non-Independent Directors, Ms. Anita Arjundas and Ms. Sangeeta Prasad. Mr. Raghunath Murti is the Chairman of the Committee.

The following policies of the Company on appointment of Directors and Senior Management and remuneration of Directors and Key Managerial Personnel and Employees, as required under Section 178(3) of the Companies Act, 2013 are 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
2. Policy on Remuneration of Directors
3. Policy on Remuneration of Key Managerial Personnel and Employees

MEETINGS OF INDEPENDENT DIRECTORS

The Independent Directors of the Company met once on 11th April, 2017 without the presence of the Non- Independent Directors or Chief Financial Officer or any other Management Personnel which was attended by all independent directors. The meeting was conducted to enable the Independent Directors to discuss matters pertaining to, inter-alia, review of performance of Non- Independent Directors and the Board as a whole, review the performance of the Chairperson of the Company (taking into account the views of non-executive Directors), 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 its duties.

Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013, evaluation of every Director's performance was done by Nomination and Remuneration Committee. The performance evaluation of Non- Independent Directors and the Board as a whole, Committees thereof, and Chairperson of the Company was carried out by Independent Directors. Evaluation of Independent Directors was carried out by the entire Board of Directors, excluding the Director being evaluated. Structured questionnaires, covering various aspects of the evaluation such as adequacy of the size and composition of the Board with regard to skill, experience, independence, diversity, attendance and adequacy of time given by the Directors to discharge their duties; corporate governance practices, etc. were circulated to the Directors for the evaluation process. The Directors expressed their satisfaction with the evaluation process.

Meetings

During the year, four (4) meetings of the Board were convened and held on following dates:

18th April, 2016, 21st July, 2016, 20th October, 2016 and 18th January, 2017.

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

18th April, 2016, 21st July, 2016, 20th October, 2016 and 18th January, 2017.

During the year, one (1) meeting of Nomination & Remuneration Committee was convened and held on 18th April, 2016.

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

Sr. no.	Name of the Director	No of Board meetings attended	No. of Audit Committee meetings attended	No. of Nomination & Remuneration Committee meetings attended
1.	Ms. Anita Arjundas	4	Not applicable	1
2	Mr. Raghunath Murti	4	4	1
3	Mr. Vijay Khetan	2	2	1
4	Ms. Sangeeta Prasad	3	3	0

The previous Annual General Meeting of the Company was held on 21st July, 2016. All the Directors were present at the Annual General Meeting, except Mr. Vijay Khetan who could not attend the meeting due to prior commitments.

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 reitereiate 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 year under review, received declarations under the Codes from the Board members including Independent Directors of the Company affirming compliance with the respective Codes.

Directors' Responsibility Statement

Pursuant to Section 134(3)(c) of the Companies Act, 2013 ("the Act"), the Directors, based on the representations received from the operating management and after due enquiry, confirm that:

(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 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 Finacial Controls

The Company has in place adequate internal financial controls with reference to the financial statement. The Audit Committee of the Board reviews the internal control systems with the auditors.

Vigil Mechanism

As the Company does not meet the prescribed criteria given under Section 177 of the Companies Act, 2013, the requirement for establishment of vigil mechanism is currently not applicable to the Company.

Risk Management

The Company 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

M/s. B. K. Khare & Co., Chartered Accountants, Mumbai (ICAI Registration Number-105102W), were appointed as auditors for a term of five consecutive years from the conclusion of 9th Annual General Meeting till the conclusion of the 14th Annual General Meeting to be held in the year 2021. Pursuant to Section 139(1) of the Companies Act, 2013, the Company shall place the matter of appointment of the Auditors for ratification by members at every Annual General Meeting. The members are requested to ratify the appointment of Statutory Auditors from the conclusion of the 10th Annual General Meeting till the conclusion of the 14th Annual General Meeting to be held in the year 2021.

As required under the provisions of Section 139(1) and 141 of the Companies Act, 2013 read with the Companies (Accounts and Auditors) Rules, 2014, the Company has received a written consent and certificate from the above auditors whose appointment is proposed to be ratified, to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said section.

The Auditor's Report does not contain any qualification, reservation or adverse remark and therefore does not call for any further comment.

The requirement of having internal auditor, cost auditor and secretarial auditor are presently not applicable to the Company.

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

As the Company is 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.

There were no investments made by the Company attracting the provision of Section 186(1) of the Companies Act, 2013 for the year under review.

Contracts and Arrangements with Related Parties

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract/arrangement with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 which could be considered material. Accordingly, the disclosure of related party transaction to be provided under Section 134(3)(h) of the Companies Act, 2013, in form AOC-2 is not applicable to the Company.

Deposits, Loans and Advances

During the year, the Company has not accepted any deposits from the public or its employees within the meaning of Section 73 of the Companies Act, 2013.

The Company has not made any loans and advances of the nature which are required to be disclosed in the annual accounts of the Company pursuant to Regulation 34(3) 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 under review, are given in the prescribed format in the **Annexure 4** to this report.

Employee Remuneration

Being an unlisted company, the details of employee remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to the company.

Extract of Annual Return

The details forming part of the extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 are included in this Report as **Annexure 5** and forms part of this Report.

General

- During the year, there were no cases filed /reported pursuant to the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013.
- No 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 of the Company.

Cautionary statement:

Certain statements in the Directors' Report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.

Acknowledgment

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

For and on behalf of the Board,

Anita Arjundas
Chairperson
DIN: 00243215

Mumbai, 11th April, 2017

ANNEXURE 1

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT

I. DEFINITIONS

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

"Board" means Board of Directors of the Company.

"Company" means Knowledge Township Limited.

"Committee(s)" means Committees of the Board for the time being in force.

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

"HR' means the Human Resource department of the Company.

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

(i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)

(ii) Chief Financial Officer (CFO); and

(iii) Company Secretary (CS).

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

"Senior Management" means personnel of the Company who are/will be members of its Core Management Team/ Executive Council excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

II. APPOINTMENT OF DIRECTORS

1. The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and also independence of director when ID is to be appointed:

   a) All Board appointments will be based on merit, in the context of the skills, experience, diversity, and knowledge, for the Board as a whole to be effective.

   b) Ability of the candidates to devote sufficient time and attention to his/her professional obligations as Director for informed and balanced decision making.

   c) Adherence to the applicable Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Directors.

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

III. REMOVAL OF DIRECTORS

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

IV. SENIOR MANAGEMENT PERSONNEL

1. The NRC shall identify persons based on merit, experience and knowledge who may be appointed in senior management team.

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

For and on behalf of the Board,

Anita Arjundas
Chairperson
DIN: 00243215

Mumbai, 11th April, 2017

ANNEXURE 2

POLICY FOR REMUNERATION OF THE DIRECTORS

I. Purpose

This Policy sets out the approach to Compensation of Directors in Knowledge Township Limited.

II. Policy Statement

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

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

III. Non-Executive Including Independent Directors

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

The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholder's resolution.

IV. Executive Directors

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

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

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

For and on behalf of the Board,

Anita Arjundas
Chairperson
DIN: 00243215

Mumbai, 11th April, 2017

ANNEXURE 3

POLICY ON REMUNERATION OF KEY MANAGERIAL PERSONNEL AND EMPLOYEES

This Policy shall be effective from the financial year 2014-15.

Objective

To establish guidelines for remunerating employees fairly and in keeping with Statutes.

Standards

- All employees, irrespective of contract, are to be remunerated fairly and the remuneration is to be externally competitive and internally equitable. The remuneration will be paid in accordance with the laid down Statutes.
- Remuneration for on-roll employees will include a fixed or guaranteed component payable monthly; and a variable component which is based on performance and paid annually in the month of July following the fiscal.
- The fixed component of remuneration will have a flexible component with a bouquet of allowances to enable an employee to choose the allowances as well as the quantum based on laid down limits as per Company policy. The flexible component can be varied only once annually in the month of July, i.e., after the salary increment exercise.
- The variable component of the remuneration will be a function of the employee's grade.
- The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRA). Both the BSC and KRAs are evaluated at the end of the fiscal to arrive at the BSC rating of the business and PPS rating of the individual.
- An annual compensation survey is carried out to ensure that the Company's compensation is externally competitive. Based on the findings of the survey and the business performance, the Sector Talent Council decides:
  a) The increment that needs to be paid for different performance ratings as well as grades.
  b) The increment for promotions and the total maximum increment.
  c) The maximum increase in compensation cost in % and absolute.
- Compensation corrections are made in a few cases where it is outside the band or to keep it tune with the market.

For and on behalf of the Board,

Anita Arjundas
Chairperson
DIN: 00243215

Mumbai, 11th April, 2017

ANNEXURE 4

A. CONSERVATION OF ENERGY

(i)	the steps taken or impact on conservation of energy	:	The operations of the Company are not energy-intensive. However, adequate measures will be initiated to reduce energy consumption at an appropriate time.
(ii)	the steps taken by the Company for utilising alternate sources of energy	:	Not Applicable
(iii)	the capital investment on energy conservation equipments	:	NIL

B. TECHNOLOGY ABSORPTION

(i)	the efforts made towards technology absorption	:	The Company has not carried out any R&D activities during the year. The Company intends to initiate quality improvement measures at an appropriate time.
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	:	Not Applicable
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	:	Not Applicable
(iv)	the expenditure incurred on Research and Development	:	NIL

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, there were no transactions involving Foreign Exchange earnings in terms of actual inflows and the Foreign Exchange outgo in terms of actual outflows.

For and on behalf of the Board,

Anita Arjundas
Chairperson
DIN: 00243215

Mumbai, 11th April, 2017

ANNEXURE 5

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	U72900MH2007PLC173137
2.	Registration Date	16/08/2007
3.	Name of the Company	Knowledge Township Limited
4.	Category/Sub-Category of the Company	Company limited by shares/ Indian Non-Government Company
5.	Address of the Registered office and contact details	Mahindra Towers, 5th Floor, Dr G M Bhosale Marg, Worli, Mumbai 400 018 Tel: (022) 67478600/8601
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product*	% to total turnover of the Company#
1.	Construction of Buildings	410	Nil
2.	Real estate activities with own or leased property	681	Nil
3.	Landscape care and maintenance service activities	813	Nil

* As per National Industrial Classification - Ministry of Statistics and Programme Implementation.

\# During the year under review, the Company had no turnover. Presently the Company is in process of acquiring land for its project. Business activities will commence after the targeted land area for the project is acquired.

3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra Lifespace Developers Limited Address: Mahindra Towers, 5th Floor, Dr G M Bhosale Marg, Worli, Mumbai – 400 018	L45200MH1999PLC118949	Holding	100%	2(46)
2.	Mahindra and Mahindra Limited Address: Gateway Building, Apollo Bunder, Mumbai – 400 001	L65990MH1945PLC004558	Ultimate Holding	–	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.	–	21,000,000	21,000,000	100	–	21,000,000	21,000,000	100	–
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total (A)(1):-	–	21,000,000	21,000,000	100	–	21,000,000	21,000,000	100	–

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(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)	–	21,000,000	21,000,000	100	–	21,000,000	21,000,000	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 ` 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of ` 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (Non Resident Individuals)	–	–	–	–	–	–	–	–	–
d) Others Trust	–	–	–	–	–	–	–	–	–
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)	–	21,000,000	21,000,000	100	–	21,000,000	21,000,000	100	–

(ii) Shareholding of Promoters

Sr. No.	Shareholder's name	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	Mahindra Lifespace Developers Limited	20,999,940	100.00	–	20,999,940	100.00	–	–
2	Mahindra Lifespace Developers Limited & Mr. Arun Nanda	10	0.00	–	10	0.00	–	–
3	Mahindra Lifespace Developers Limited & Mr. Suhas Kulkarni	10	0.00	–	10	0.00	–	–
4	Mahindra Lifespace Developers Limited & Mr. Narayan Shankar	10	0.00	–	10	0.00	–	–
5	Mahindra Lifespace Developers Limited & Mr. Ulhas Bhosale	10	0.00	–	10	0.00	–	–
6	Mahindra Lifespace Developers Limited & Ms. Anita Arjundas	10	0.00	–	10	0.00	–	–
7	Mahindra Lifespace Developers Limited & Mr. Jayantt Manmadkar	10	0.00	–	10	0.00	–	–

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

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

(v) Shareholding of Directors and Key Managerial Personnel:

For each of Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Ms. Anita Arjundas – Director* At the beginning of the year	10	0.00	10	0.00
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity, etc):	–	–	–	–
At the end of the year	10	0.00	10	0.00
Mr. Suhas Kulkarni – Manager* At the beginning of the year	10	0.00	10	0.00
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity, etc):	–	–	–	–
At the end of the year	10	0.00	10	0.00

**** Jointly with Mahindra Lifespace Developers Limited (first holder)***

5. INDEBTEDNESS

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

(` In Lakh)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	–	1,917.00	–	1,917.00
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	1,917.00	–	1,917.00
Change in Indebtedness during the financial year				
• Addition	–	720.00	–	720.00
• Reduction	–	–	–	–
Net change	–	720.00	–	720.00
Indebtedness at the end of the financial year				
i) Principal Amount	–	2,637.00	–	2,637.00
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	2,637.00*	–	2,637.00*

* The discounted value of the OCRDs is ` 1,527.18 as on 31.03.2017.

6. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

B. **Remuneration of other Directors:** Nil

C. **Remuneration to Key Managerial Personnel other than Managing Director/Manager/Whole Time Director:-**

None of the Key Managerial Personnel draw any remuneration from the Company.

7. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give details)
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, 11th April, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KNOWLEDGE TOWNSHIP LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statements of **KNOWLEDGE TOWNSHIP LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31st March, 2017, and its profit and cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order,2016, issued by the Central Government of India in term of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A a statement on the matters specified in the paragraphs 3 and 4 of the Order.
10. As required by Section 143(3) of the Act, we report that:
    a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
    b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
    c. the Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
    d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
    e. On the basis of written representations received from the directors as on 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 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 our best of our information and according to the explanations given to us:
        i. The Company does not have any pending litigations which would impact its financial position.
        ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
        iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
        iv. The Company has provided requisite disclosures in its 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

Himanshu Chapsey
Partner
Membership No.: 105731

Place: Mumbai
Dated:

ANNEXURE “A” TO THE AUDITOR’S REPORT

Referred to in paragraph 9 of our report of even date on the accounts of Members of Knowledge Township Limited for the year ended 31st March, 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) The Company’s inventory comprises only construction work in progress. The Company does not have any inventory of raw material, finished goods, stores and spares. Hence para 3(ii) of the Order is not applicable.

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 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. The Company did not have any employees and hence the provisions of Provident Fund, employees state insurance are not applicable.

   ii) There are no disputed dues outstanding as on 31st March, 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’s Registration No.: 105102W

Himanshu Chapsey
Partner
Membership No.: 105731

Place: Mumbai
Dated:

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF KNOWLEDGE TOWNSHIP LIMITED

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

We have audited the internal financial controls over financial reporting of Knowledge Township Limited ("the Company") as of 31st March, 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.

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

Himanshu Chapsey
Partner
Membership No. 105731

Place: Mumbai
Dated:

BALANCE SHEET AS AT 31ST MARCH 2017

(` in 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) Property, Plant and Equipment	1	**0.28**	0.33	0.38
(b) Financial Assets				
(i) Loans	2	**0.06**	0.08	0.01
SUB-TOTAL		**0.34**	0.41	0.39
CURRENT ASSETS				
(a) Inventories	3	**2,519.74**	2,394.56	2,227.36
(b) Financial Assets				
(i) Cash and Cash Equivalents	4	**0.06**	0.01	0.16
(ii) Other Bank Balances	4	**493.36**	2.04	1.28
(iii) Loans	2	**12.76**	12.74	12.76
(c) Current Tax Assets (Net)		**5.81**	5.81	5.81
(d) Other Current Assets	5	**2,456.05**	2,228.13	2,228.50
SUB-TOTAL		**5,487.78**	4,643.30	4,475.88
TOTAL ASSETS		**5,488.12**	4,643.71	4,476.26
II EQUITY AND LIABILITIES				
1 EQUITY				
(a) Equity Share Capital	6	**2,100.00**	2,100.00	2,100.00
(b) Other Equity	7	**1,341.10**	668.16	(43.95)
SUB-TOTAL		**3,441.10**	2,768.16	2,056.05
LIABILITIES				
3 CURRENT LIABILITIES				
(a) Financial Liabilities				
(i) Borrowings	8	**1,527.18**	1,352.32	1,897.00
(ii) Trade Payables	9	**519.84**	518.59	518.58
(b) Provisions	10	**–**	4.63	4.63
SUB-TOTAL		**2,047.02**	1,875.55	2,420.21
TOTAL		**5,488.12**	4,643.71	4,476.26

The accompanying notes 1 to 17 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: 11th April, 2017

For and on behalf of the Board of Directors of Knowledge Township Ltd.

Jasmin Suchak
Chief Financial Officer
(PAN: APUPS9295Q)

Arti Shinde
Company Secretary
(PAN: AGSPB7125K)

Anita Arjundas Director (DIN: 00243215)
Raghunath Murti Director (DIN: 00082761)
Vijay Khetan Director (DIN: 00465161)

Place: Mumbai
Date: 11th April, 2017

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

Rupees in Lakhs

	Particulars	Note No.	Year ended 31st March, 2017	Year ended 31st March, 2016
	Continuining Operations			
I	Revenue from operations		–	–
II	Other Income	11	4.63	–
III	**Total Revenue (I + II)**		4.63	–
IV	**EXPENSES**			
	(a) Depreciation and amortisation expense	1	0.05	0.05
	(b) Other expenses	12	1.70	0.55
V	**Total Expenses (V)**		1.75	0.60
	Profit/(loss) before exceptional items and tax (I – IV)		2.88	(0.60)
	Exceptional Items			
VI	**Share of profit/(loss) of joint ventures and associates**		–	–
	(1) Share of profit/(loss) of joint ventures and associated			
VII	**Profit/(loss) before tax (VII – VIII)**		2.88	(0.60)
VIII	**Tax Expense**			
	(1) Current tax		–	–
	(2) Deferred tax		–	–
	Total tax expense		–	–
IX	**Profit/(loss) after tax from continuing operations (IX – X)**		2.88	(0.60)
X	**Profit/(loss) after tax from discontinued operations (XII + XIII)**		–	–
XI	**Profit/(loss) for the period (XI + XIV)**		2.88	(0.60)
XII	**Profit/(Loss) from continuing operations for the period attributable to:**			
	Owners of the Company		2.88	(0.60)
	Non controlling interests			
			2.88	**(0.60)**
XIII	**Other comprehensive income**		–	–
XIV	**Total comprehensive income for the period (XV + XVIII)**		2.88	(0.60)
XV	**Total comprehensive income for the period attributable to:**			
	Owners of the Company		2.88	(0.60)
	Non controlling interests		–	–
XVI	**Earnings per equity share (for continuing operation):**			
	(1) Basic ` Per share	13	0.01	(0.00)
	(2) Diluted ` Per share	13	0.01	(0.00)
XVII	**Earnings per equity share (for continuing and discontinued operations):**			
	(1) Basic ` Per share	13	0.01	(0.00)
	(2) Diluted ` Per share	13	0.01	(0.00)

The accompanying notes 1 to 17 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: 11th April, 2017

For and on behalf of the Board of Directors of Knowledge Township Ltd.

Jasmin Suchak
Chief Financial Officer
(PAN: APUPS9295Q)

Arti Shinde
Company Secretary
(PAN: AGSPB7125K)

Anita Arjundas Director (DIN: 00243215)
Raghunath Murti Director (DIN: 00082761)
Vijay Khetan Director (DIN: 00465161)

Place: Mumbai
Date: 11th April, 2017

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2017

Rupees in Lakhs

Particulars	Note No.	Year ended 31st March, 2017	Year ended 31st March, 2016
Cash flows from operating activities			
Profit before tax for the year	PL	**2.88**	(0.60)
Adjustments for:			
Depreciation and amortisation of non-current assets	1	**0.05**	0.05
Movements in working capital:		**2.94**	(0.55)
Increase in trade and other receivables		**–**	0.31
(Increase)/decrease in short term loans and advances		**(227.91)**	–
(Increase)/decrease in inventories		**(125.18)**	(19.16)
(Decrease)/increase in deferred revenue			
(Decrease)/increase in other liabilities		**(3.38)**	0.01
		(356.47)	(18.84)
Cash generated from operations		**(353.54)**	(19.39)
Income taxes paid		**–**	–
Net cash generated by operating activities		**(353.54)**	(19.39)
Cash flows from investing activities			
Net cash inflow on disposal of associate		**–**	–
Net cash (used in)/generated by investing activities		**–**	–
Cash flows from financing activities			
Proceeds from borrowings		**844.91**	20.00
Repayment of borrowings			
Interest paid			
		844.91	20.00
Net cash used in financing activities			
Net increase in cash and cash equivalents		**491.37**	0.61
Cash and cash equivalents at the beginning of the year		**2.06**	1.44
Cash and cash equivalents at the end of the year		**493.42**	2.06

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: 11th April, 2017

For and on behalf of the Board of Directors of Knowledge Township Ltd.

Jasmin Suchak
Chief Financial Officer
(PAN: APUPS9295Q)

Arti Shinde
Company Secretary
(PAN: AGSPB7125K)

Anita Arjundas Director (DIN: 00243215)
Raghunath Murti Director (DIN: 00082761)
Vijay Khetan Director (DIN: 00465161)

Place: Mumbai
Date: 11th April, 2017

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

1. General Information

The company was incorporated on 16th August, 2007 and is engaged in the business of development of Knowledge City in Pune, Maharashtra. Its parent and holding company is Mahindra Lifespace Developers Ltd.

The addresses of its registered office and principal place of business are disclosed in the introduction to the annual report.

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. Refer Note 17 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 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.

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. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

2.4.1 Construction contracts

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 consolidated 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

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 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 measured based on the proportion of costs incurred for rendering of the service to date relative to the estimated total costs, except where this would not be representative of the stage of completion

2.5 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.

2.6 Taxation

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

2.6.1 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.

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

2.6.2 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 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.

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

2.9 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.

2.9.1 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 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 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.

2.13. First-time adoption – mandatory exceptions, optional exemptions, and

2.13.1. 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.

2.13.2. 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 1st April 2015 (the transition date).

2.13.3. 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.

2.13.4. 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

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

increases in credit risk since initial recognition, as permitted by Ind AS 101.

2.13.5. 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.

2.13.6. 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.

Note 1 – Property, Plant and Equipment

	Description of Assets	Office Equipment	Furniture and Fixtures	Total
I.	**Gross Carrying Amount**			
	Balance as at 1 April 2016	0.52	0.63	1.14
	Additions			–
	Acquisitions through business combinations			–
	Disposals			–
	Balance as at 31 March 2017	**0.52**	**0.63**	**1.14**
II.	**Accumulated depreciation and impairment**			–
	Balance as at 1 April 2016	0.52	0.30	0.81
	Depreciation expense for the year		0.05	0.05
	Eliminated on disposal of assets			–
	Balance as at 31 March 2017	**0.52**	**0.35**	**0.86**
III.	**Net carrying amount (I-II)**	–	0.28	0.28

(` in Lakhs)

	Description of Assets	Office Equipment	Furniture and Fixtures	Total
I.	**Gross Carrying Amount**			
	Balance as at 1 April 2015	0.52	0.63	1.14
	Additions			–
	Acquisitions through business combinations			–
	Disposals			–
	Balance as at 31 March 2016	0.52	0.63	1.14
II.	**Accumulated depreciation and impairment**			–
	Balance as at 1 April 2015	0.52	0.24	0.76
	Depreciation expense for the year		0.05	0.05
	Eliminated on disposal of assets			–
	Balance as at 31 March 2016	0.52	0.30	0.81
III.	**Net carrying amount (I-II)**	–	0.33	**0.33**

Assets pledged as security and restriction on titles

As on reporting date Company had not pledged any item of PPE as security and there is no restriction on title.

Impairment losses recognised in the year:

During the reporting period Company had not recognised any impairment loss on PPE

Method of Depreciations:

Depreciation on tangible fixed assets has been provided on prorata basis, on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

Note 2 – Loans

(` in Lakhs)

	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)	**Security Deposits**						
	– Secured, considered good						
	– Unsecured, considered good						
	– Doubtful						
	Less: Allowance for Credit Losses						
	TOTAL (A)						
b)	**Loans to related parties**						
	– Secured, considered good						
	– Unsecured, considered good						
	– Doubtful						
	Less: Allowance for Credit Losses						
	TOTAL (B)						
d)	**Other Loans**						
	– Secured, considered good	–	**0.06**	–	0.08	–	0.01
	– Unsecured, considered good	**12.76**	–	12.74	–	12.76	–
	– Doubtful						
	Less: Allowance for Credit Losses						
	TOTAL (C)	**12.76**	**0.06**	12.74	0.08	12.76	0.01
	GRAND TOTAL	**12.76**	**0.06**	12.74	0.08	12.76	0.01

Note 3 – Inventories

(` in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
(a) Raw materials			
(b) Work-in-progress	**2,519.74**	2,394.56	2,227.36
(c) Finished and semi-finished goods			
(d) Stock-in-trade of goods acquired for trading			
(e) Stores and spares			
(f) Loose Tools			
(g) Agricultural produce (including biological assets)			
(h) Others (specify the nature)			
Total Inventories (at lower of cost and net realisable value)	**2,519.74**	2,394.56	2,227.36

Note: Inventory mainly represents land and other related expenses

Note 4 – Cash and Bank Balances

(` in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Cash and cash equivalents			
(a) Balances with banks	**493.36**	2.04	1.28
(b) Cheques, drafts on hand			
(c) Cash on hand	**0.06**	0.01	0.16
(d) Others			
Total Cash and cash equivalent	**493.42**	2.06	1.44

Demonetisation

(` in Lakhs)

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	–	0.06	0.06
(+) Permitted receipts	–		
(-) Permitted payments	–		
(-) Amount deposited in Banks			
Closing cash in hand as on 30.12.2016		0.06	0.06
Movement for Day 31.12.2016			
Closing cash in hand as on 31.12.2016		0.06	0.06
Cash on hand			0.06

Notes: Balances in banks represents Bank balance and Fixed deposit with Maturity from 7 to 15 days.

Note 5 – Other assets

(` in Lakhs)

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						
(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						
(ii) Advances to related parties						
(iii) Balances with government authorities (other than income taxes)						
(i) Other advances for purchase of Land	–	**2,456.05**	–	2,228.13	–	2,228.50
(Mainly represents advances given to Land Aggregator)						
	–	**2,456.05**	–	2,228.13	–	2,228.50

Note 6 – Equity Share Capital

(` in Lakhs)

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
Authorised:						
Equity shares of ` 10 each with voting rights	**5,000,000**	**5,000**	5,000,000	5,000	5,000,000	5,000
Equity shares of ` ___ each with differential voting rights	–	–	–	–	–	–
Preference shares of `___ each	–	–	–	–	–	–
Issued, Subscribed and Fully Paid:						
Equity shares of ` 10 each with voting rights	**21,000,000**	**2,100**	21,000,000	2,100	21,000,000	2,100
Equity shares of ` ___ each with differential voting rights	–	–	–	–	–	–
Preference shares of `___ each	–	–	–	–	–	–
	21,000,000	**2,100**	21,000,000	2,100	21,000,000	2,100

Note 7 – Other Equity

(` in Lakhs)

b. Other Equity	Reserves and Surplus		Items of other comprehensive income				
	General Reserve	Retained Earnings	Debt instrument through Other Comprehensive Income	Equity instrument through Other Comprehensive Income	Revaluation Surplus	Exchange differences on translating the financial statements of a foreign operation	**Total**
As at 1 April 2015	–	(43.95)	–	–	–	–	(43.95)
Profit/(Loss) for the period	–	(0.60)	–	–	–	–	(0.60)
Other Comprehensive Income/(Loss)	–	–	–	–	–	–	–
Total Comprehensive Income for the year	–	(44.55)	–	–	–	–	(44.55)
Deemed Capital Contribution	–	–	–	712.71	–	–	712.71
As at 31 March 2016	–	(44.55)	–	712.71	–	–	668.2
Profit/(Loss) for the period		2.88	–	–	–	–	2.88
Deemed Capital Contribution	–	–	–	670.05	–	–	670.05
Total Comprehensive Income for the year	–	(41.66)	–	1,382.76	–	–	1,341.1
Transfers to Reserves	–	–	–	–	–	–	–
Transfers from retained earnings	–	–	–	–	–	–	–
As at 31 March 2017	–	**(41.66)**	–	**1,382.76**	–	–	**1,341.1**

Note 8 – Current Borrowings

(` in Lakhs)

Particulars	**As at 31st March, 2017**	As at 31st March, 2016	As at 1st April, 2015
A. Secured Borrowings			
(a) Loans repayable on demand			
(1) From Banks			
(2) from other parties			
(b) Loans from related parties			
(c) Deposits			
(d) Other Loans			
Total Secured Borrowings			
B. Unsecured Borrowings			
(a) Loans repayable on demand			
(1) From Banks			
(2) from Holding company OCRDs issued to KTL by MLDL	**1,527.18**	1,352.32	1,897.00
Total Unsecured Borrowings			
Total Current Borrowings	**1,527.18**	1,352.32	1,897.00

Note: Total OCRDs issued is worth INR 2637 lacs, which is bought to present value as per IND AS

Note 9 – Other Financial Liabilities

(` in Lakhs)

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			
(a) Security Deposits			
(d) Other long term liabilities			
Current			
(a) Current maturities of long-term debt			
(b) Current maturities of finance lease obligations			
(c) Interest accrued			
(d) Unpaid dividends			
(e) Other liabilities			
(1) Creditors for capital supplies/ services			
(2) Retention Money			
(1) Interest Accrued but not due on loan (from Holding Company repayable on demand)	**518.25**	518.25	518.25
(2) Other liabilities	**1.59**	0.34	0.33
Other Financial Liabilities Measured at Fair value			
(a) Derivatives designated and effective as hedging instruments			
(b) Derivatives not designated as a hedging instruments			
(c) Other Financial Intruments carried at FVTPL:			
(1) Non-derivative held for trading liabilities			
(2) Contingent consideration on acquisitions			
(3) Financial guarantee contracts			
(4) Redeemable preference shares (at fair value)			
Total other financial liabilities	**519.84**	518.59	518.58

Note 10 – Provisions

(` in Lakhs)

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) Provision for employee benefits						
(1) Long-term Employee Benefits						
(b) Other Provisions						
(1) Warranty						
(2) Other Provisions	–	–	–	4.63	–	4.63
Total Provisions	–	–	–	4.63	–	4.63

Note 11 – Other Income

(` in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
(a) Interest Income		
(1) On Financial Assets at Amortised Cost		
(2) On Financial Assets at FVTOCI		
(3) On Financial Assets at FVTPL		
(b) Provision Written Back	4.63	–
Total Other Income	**4.63**	–

Note 12 – Other Expenses

(` in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
(a) Auditors remuneration and out-of-pocket expenses	**0.53**	0.30
(i) As Auditors	**0.29**	0.29
(ii) For Taxation matters		
(iii) For Company Law matters		
(iv) For Other services	**0.24**	0.02
(b) Other expenses		
(1) Provision for diminution of Investments		
(2) Provision for losses of subsidiaries		
(3) Legal and other professional costs	**1.17**	0.25
(4) Research and Development	–	–
(i) Research and development (Gross)		
Total Other Expenses	**1.70**	0.55

Note 13 – 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:

	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	**288,432**	(60,123)
Less: Preference dividend and tax thereon		
Profit/(loss) for the year used in the calculation of basic earnings per share		
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		
Weighted average number of equity shares	**21,000,000**	21,000,000
Earnings per share from continuing operations - Basic	**0.01**	(0.00)

Note 14 – Financial Instruments

Capital management

Debt-to-equity ratio as of 31st March 2017, 31st March 2016 and 1st April 2015 is as follows:

	31-Mar-17	31-Mar-16	1-Apr-15
Debt (A)	**1,527.18**	1,352.32	1,897.00
Equity (B)	**2,100.00**	2,100.00	2,100.00
Debt Ratio (A/B)	**0.73**	0.64	0.90

Categories of financial assets and financial liabilities

As at 31st March, 2017	Amortised Costs	FVTPL	Total
Non-current Assets			
Loans	**0.06**		
Current Assets			
Investments			
Trade Receivables			
Other Bank Balances	**493.36**		
Loans	**12.76**		
Non-current Liabilities			
Current Liabilities			
Borrowings	**1,527.18**		
Trade Payables			
Other Financial Liabilities			
– Non Derivative Financial Liabilities	**519.84**		
– Derivative Financial Liabilities			

As at 31st March, 2016	Amortised Costs	FVTPL	Total
Non-current Assets			
Loans	0.08		
Current Assets			
Other Bank Balances	2.04		
Loans	12.74		

	As at 31st March, 2016		
	Amortised Costs	FVTPL	Total
Current Liabilities			
Borrowings	1,352.32		
Trade Payables			
Other Financial Liabilities			
– Non Derivative Financial Liabilities	518.59		
– Derivative Financial Liabilities			

	As at 1st April, 2015		
	Amortised Costs	FVTPL	Total
Non-current Assets			
Loans	0.01		
Other Bank Balances	1.28		
Loans	12.76		
Non-current Liabilities			
Current Liabilities			
Borrowings	1,897.00		
– Non Derivative Financial Liabilities	518.58		
– Derivative Financial Liabilities			

Note 15 – Equity Share Capital

		Rupees in Lakhs
A.	**Equity share capital**	
	As at 1 April 2015	2,100
	Changes in equity share capital during the year	
	As at 31 March 2016	2,100
	Changes in equity share capital during the year	
	As at 31 March 2017	**2,100**

Note 16 – Related Party Transactions

Discription of Relationship	Name of Related Party
Ultimate Holding Company	Mahindra & Mahindra Ltd.
Parent Company	Mahindra Lifespace Developers Ltd

Details of transaction between the Company and its related parties are disclosed below:

Particulars	For the year ended	Parent Company
Nature of transactions with Related Parties		
ICD Taken	31-Mar-17	0.2
	31-Mar-16	0.2
Unsecured Optionally Convertible Redeemable Debentures (OCRDs)- III- 4-6 years from date of issue	31-Mar-17	7.00
	31-Mar-16	

Nature of Balances with Related Parties	Balance as on	Parent Company
Trade payables	31-Mar-17	
	31-Mar-16	
Unsecured Optionally Convertible Redeemable Debentures (OCRDs)- III- 4 years from date of issue	31-Mar-17	1,527.18
	31-Mar-16	1,352.32
Loans & advances given	31-Mar-17	
	31-Mar-16	

Note 17 – First-time adoption of Ind-AS

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

PARTICULARS	Notes	Year Ended 31st March 2016
Profit or Loss as per previous GAAP		**(0.60)**
Ind AS: Adjustments increase (decrease):		–
Profit or Loss under Ind AS		**(0.60)**
Other comprehensive income		–
Total comprehensive income under Ind ASs		**(0.60)**

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

(ii) Reconciliation of total equity as at 31st March, 2016 and 1st April, 2015:

Rupees in Lakhs

PARTICULARS	As at 31st March 2016	As at 1st April 2015
Equity as reported under Previous GAAP	2,055.45	2,056.05
IND AS Adjustment – Increase/(Decrease)		
Deemed Capital Contribution	712.71	–
Equity as reported under IND AS	2,768.16	2,056.05

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their Ninth report together with the audited financial statement of your Company for the financial year ended on 31st March, 2017.

Financial Highlights

(` in Lakh)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Total Income	**Nil**	0.84
Profit/(Loss) Before Depreciation, Finance Cost and Taxation	**(1.64)**	0.39
Less: Depreciation	**Nil**	–
Profit/(Loss) Before Finance Cost and Taxation	**(1.64)**	0.39
Less: Finance Cost	**Nil**	–
Profit/(Loss) Before Taxation	**(1.64)**	0.39
Less: Provision for Taxation	**Nil**	–
Profit/(Loss) for the year after Taxation	**(1.64)**	0.39
Add: Balance of Profit/(Loss) for earlier years	**(14.46)**	(14.85)
Balance carried forward	**(16.10)**	(14.46)

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

In view of the carried forward losses, no dividend has been recommended by the Directors for the financial year 2016-17.

Reserves

In view of loss for the year, no amount has been transferred to Reserves.

Operations

The Company had identified a land parcel in Maharashtra for the development of an industrial park. As no progress on land acquisition in the target area happened for over 2 years, the Company cancelled its proposed project at Roha, Maharashtra. Out of a total of 91.56 acres acquired by the Company, the Company, in compliance with the conditions of the approval obtained by it, re-conveyed 64.74 acres to the land owners from whom the Company had acquired the land, and received the consideration for the same. The Company has initiated the process of completing re-conveyance of the balance 26.82 acres.

No material changes and commitments have occurred after the close of the year till the close of this Report, which affects the financial position of the Company.

The financial statement for the year under review have been prepared on the basis of going concern status of the Company.

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

Share Capital

Authorised equity share capital of the Company is ` 1,000 Lakhs and paid-up equity share capital of the Company is ` 500 Lakhs.

During the year, the Company has neither issued any shares (including equity shares with differential rights or any sweat equity share) nor granted employee stock options. Further, there were no shares having voting rights not exercised directly by the employees for the purchase of which or subscription to which loan was given by the Company.

Non-Convertible Debentures

During the year, the Company has not issued/allotted any non-convertible debentures.

Networth

The networth of the Company at the close of the previous financial year (FY 2015-16) and at the close of the current financial year (FY 2016-17) was ` 485.54 lakh and ` 483.09 lakh respectively.

Holding Company

The Company is a wholly owned subsidiary company of Mahindra Lifespace Developers Limited and consequently a subsidiary company of the ultimate holding company Mahindra & Mahindra Limited.

During the year, no company became/ceased to be subsidiary/associate or joint venture company of the Company. Therefore, the requirement of consolidated financial statement is not applicable to the Company.

Board of Directors

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

Name of Director	DIN	Designation
Ms. Sangeeta Prasad	02791944	Chairperson, Non-Executive Non-Independent Director
Mr. Suhas Kulkarni	00003936	Non-Executive Non-Independent Director
Mr. Jayant Manmadkar	03044559	Non-Executive Non-Independent Director

Pursuant to Section 152 of the Companies Act, 2013, Ms. Sangeeta Prasad (DIN: 02791944) a Non-executive and Non-independent Director retires by rotation at the 9th Annual General Meeting of the Company and being eligible has offered herself for re-appointment. Ms. Sangeeta Prasad is not disqualified from being re-appointed as a Director by virtue of the provisions of Section 164 of the Companies Act, 2013.

Key Managerial Personnel

During the year, there are no changes in the position of Key Managerial Personnel (KMP). Ms. Dhara Modi is the Company Secretary and Key Managerial Personnel under the Companies Act, 2013. Ms. Modi does not draw any remuneration from the Company. She receives remuneration from the holding company, Mahindra Lifespace Developers Limited. The Company pays to the holding company proportionate employee cost for the KMP who is an employee of the holding company, in relation to the work of the Company.

Corporate Social Responsibility (CSR)

As the Company, does not meet any of the criteria prescribed under Section 135(1) of the Companies Act, 2013 and Rules made thereunder, the provisions with respect to CSR are currently not applicable to the Company.

Audit Committee

In accordance with the requirement under the Companies Act, 1956, the Audit Committee of the Board of Directors was constituted on 15th February, 2010. However, with the advent of Companies Act, 2013 the erstwhile provisions relating to requirement of Audit Committee provided in the Companies Act, 1956 were repealed by Section 177 of the Companies Act, 2013 and Rules made thereunder. In terms of Section 177 and Rules made thereunder, the provisions relating to Audit Committee are not applicable to the Company.

In view thereof, the Board of Directors at its meeting held on 26th October, 2015 disbanded the Audit Committee with effect from 26th October, 2015.

Nomination & Remuneration Committee

As the Company, does not meet any of the criteria prescribed under Section 178 of the Companies Act, 2013 and Rules made thereunder, the provisions with respect to Nomination & Remuneration Committee are currently not applicable to the Company.

Meetings

During the year, four (4) Board Meetings were convened and held on following dates:

25th April, 2016, 18th July, 2016, 21st October, 2016 and 18th January, 2017.

The details of the number of meetings of the Board attended by the Directors are given below:

Sr. no.	Name of the Director	No of Board meetings attended
1.	Ms. Sangeeta Prasad	3
2.	Mr. Suhas Kulkarni	4
3.	Mr. Jayant Manmadkar	4

The previous Annual General Meeting of the Company was held on 18th July, 2016.

Code of Conduct

The Company has adopted Code of Conduct ("the Code/s") for its Directors, Senior Management and employees. These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

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 year under review, received declarations under the Codes from the Board members of the Company affirming compliance with the respective Codes.

Directors' Responsibility Statement

Pursuant to Section 134(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 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

As the Company does not meet the prescribed criteria given under Section 177 of the Companies Act, 2013, the requirements for establishment of vigil mechanism are currently not applicable to the Company.

Risk Management

The Company 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

M/s. B. K. Khare & Co., Chartered Accountants, Mumbai (ICAI Registration Number-105102W), were appointed as auditors for a term of five consecutive years from the conclusion of 6th Annual General Meeting till the conclusion of the 11th Annual General Meeting to be held in the year 2019. Pursuant to Section 139(1) of the Companies Act, 2013, the Company shall place the matter relating to appointment of auditors for ratification by members at every Annual General Meeting. The members are requested ratify the appointment of Statutory Auditors from the conclusion of the 9th Annual General Meeting till the conclusion of the 11th Annual General Meeting to be held in the year 2019.

As required under the provisions of Section 139 (1) and 141 of the Companies Act, 2013 read with the Companies (Accounts and Auditors) Rules, 2014, the Company has received a written consent and certificate from the above auditors whose appointment is proposed to be ratified, to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said section.

The Auditor's Report does not contain any qualification, reservation or adverse remark and therefore does not call for any further comments.

The requirements of having internal auditor, cost auditor and secretarial auditor are presently not applicable to the Company.

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

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.

There were no investments made by the Company attracting the provision of Section 186(1) of the Companies Act, 2013 for the year under review.

Contracts and Arrangements with Related Parties

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract/arrangement with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 which could be considered material. Accordingly, the disclosure of related party transaction to be provided under Section 134(3)(h) of the Companies Act, 2013, in form AOC-2 is not applicable to the Company.

Deposits, Loans and Advances

The Company has not accepted any deposits from the public or its employees within the meaning of Section 73 of the Companies Act, 2013.

The Company has not made any loans and advances of the nature which are required to be disclosed in the annual accounts of the Company pursuant to Regulation 34(3) and 53(f) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable to the holding company Mahindra Lifespace Developers Limited.

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

The particulars relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as per Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 during the year are given in the prescribed format in **Annexure 1** to this report.

Employee Remuneration

Being an unlisted company, the details of employee remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to the company.

Extract of Annual Return

The details forming part of the extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 is included in this Report as **Annexure 2** and forms part of this Report.

General

- During the year, there were no cases filed/reported pursuant to the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013.
- No 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 of the Company.

Cautionary statement:

Certain statements in the Directors' Report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.

Acknowledgment

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

For and on behalf of the Board,

Sangeeta Prasad
Chairperson
DIN: 02791944

Mumbai, 18th April, 2017

ANNEXURE 1

A. CONSERVATION OF ENERGY

(i)	the steps taken or impact on conservation of energy	:	The operations of the Company are not energy-intensive. However, adequate measures will be initiated to reduce energy consumption at an appropriate time.
(ii)	the steps taken by the company for utilising alternate sources of energy	:	Not Applicable
(iii)	the capital investment on energy conservation equipments	:	NIL

B. TECHNOLOGY ABSORPTION

(i)	the efforts made towards technology absorption	:	The Company has not carried out any R&D activities during the year. The Company intends to initiate quality improvement measures at an appropriate time.
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	:	Not Applicable
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	:	Not Applicable
(iv)	the expenditure incurred on Research and Development	:	NIL

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, there were no transactions involving Foreign Exchange earnings in terms of actual inflows and the Foreign Exchange outgo in terms of actual outflow.

For and on behalf of the Board,

Sangeeta Prasad
Chairperson
DIN: 02791944

Mumbai, 18th April, 2017

ANNEXURE 2

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**	U45203MH2008PLC184190
2.	**Registration Date**	02/07/2008
3.	**Name of the Company**	Industrial Township (Maharashtra) 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, Dr G M Bhosale Marg, Worli, Mumbai 400 018 Tel: (022) 67478600/8601
6.	**Whether listed Company (Yes/No)**	No
7.	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	Not Applicable

2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of Main Product/ Services	NIC Code of the Product*	% to total turnover of the Company#
1.	Construction of Buildings	410	Nil
2.	Real estate activities with own or leased property	681	Nil
3.	Landscape care and maintainance service activities	813	Nil

* As per National Industrial Classification- Ministry of Statistics and Programme Implementation

\# The Company is looking out for suitable business opportunity for large format development and residential development.

3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name and Address of the Company	CIN/GIN	Holding / Subsidiary/ Associate	% of shares held	Applicable Section
1.	Mahindra Lifespace Developers Limited Address: Mahindra Towers, 5th Floor, Dr G M Bhosale Marg, Worli, Mumbai 400 018	L45200MH1999PLC118949	Holding	100%	2(46)
2.	Mahindra and Mahindra Limited Address: Gateway Building, Apollo, Bunder, Mumbai – 400 001	L65990MH1945PLC004558	Ultimate Holding	-	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.	–	5,000,000	5,000,000	100	–	5,000,000	5,000,000	100	–
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total (A)(1):-	–	5,000,000	5,000,000	100	–	5,000,000	5,000,000	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)	–	**5,000,000**	**5,000,000**	**100**	–	**5,000,000**	**5,000,000**	**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 ` 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of ` 1 lakh	–	–	–	–	–	–	–	–	–

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Others (Non Resident Individuals)	–	–	–	–	–	–	–	–	–
d) Others Trust	–	–	–	–	–	–	–	–	–
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)	–	**5,000,000**	**5,000,000**	**100**	–	**5,000,000**	**5,000,000**	**100**	–

(ii) Shareholding of Promoters

Sr. No.	Shareholders Name	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ Encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ Encumbered to total shares	
1	Mahindra Lifespace Developers Limited	4,999,940	100	0.00	4,999,940	100	0.00	0.00
2	Mahindra Lifespace Developers Limited & Mr. Arun Nanda	10	0.00	0.00	10	0.00	0.00	0.00
3	Mahindra Lifespace Developers Limited & Mr. Suhas Kulkarni	10	0.00	0.00	10	0.00	0.00	0.00
4	Mahindra Lifespace Developers Limited & Mr. Rajan Narayan	10	0.00	0.00	0.00	0.00	0.00	0.00
5	Mahindra Lifespace Developers Limited & Ms. Sangeeta Prasad	0	0.00	0.00	10	0.00	0.00	0.00
6	Mahindra Lifespace Developers Limited & Mr. Ulhas Bhosale	10	0.00	0.00	10	0.00	0.00	0.00
7	Mahindra Lifespace Developers Limited & Ms. Anita Arjundas	10	0.00	0.00	10	0.00	0.00	0.00
8	Mahindra Lifespace Developers Limited & Mr. Jayant Manmadkar	10	0.00	0.00	10	0.00	0.00	0.00

(iii) Change in Promoters' Shareholding (please specify, if there is no change): There is no change in the shareholding of the promoters. However, during the year, 10 shares held by Mahindra Lifespace Developers Limited jointly with Mr. Rajan Narayan were transferred to Mahindra Lifespace Developers Limited jointly with Ms. Sangeeta Prasad.

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

(v) Shareholding of Directors and Key Managerial Personnel:

For each of Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
Suhas Kulkarni - Director* At the beginning of the year	10	0.00	10	0.00
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer/bonus/sweat equity etc):	–	–	–	–
At the end of the year	10	0.00	10	0.00

For each of Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
Jayant Manmadkar – Director* At the beginning of the year	10	0.00	10	0.00
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer/bonus/sweat equity etc):	–	–	–	–
At the End of the year	10	0.00	10	0.00
Sangeeta Prasad – Director*				
At the beginning of the year	–	–	–	–
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer/bonus/sweat equity etc): acquisition of shares through transfer from Mahindra Lifespace Developers Ltd & Mr. Rajan Narayan effective 21st October, 2016	10	0.00	10	0.00
At the End of the year	10	0.00	10	0.00

Note:

**   Jointly held with Mahindra Lifespace Developers Limited (first holder).*

The Key Managerial Personnel does not hold any shares in the Company.

5. INDEBTEDNESS

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

(` in Lakh)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtness
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)	–	–	–	–

6. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: Not Applicable

B. Remuneration of other directors: Not Applicable

C. Remuneration to Key Managerial personnel other than MD/Manager/WTD – None of the Key Managerial Personnel draw any remuneration from the Company.

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,

Sangeeta Prasad
Chairperson
DIN: 02791944

Mumbai, 18th April, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF INDUSTRIAL TOWNSHIP (MAHARASHTRA) LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statements of **INDUSTRIAL TOWNSHIP (MAHARASHTRA) LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2017, and its profit and cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order,2016, issued by the Central Government of India in term of sub-section (11) of Section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A a statement on the matters specified in the paragraphs 3 and 4 of the Order.
10. As required by Section 143(3) of the Act, we report that:
    (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
    (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
    (c) the Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
    (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
    (e) On the basis of written representations received from the directors as on 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 our best of our information and according to the explanations given to us:
        i. The Company does not have any pending litigations which would impact its financial position.
        ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
        iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
        iv. The Company has provided requisite disclosures in its 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 & Co.
Chartered Accountants
Firm's Registration No.: 105102W

Himanshu Chapsey
Partner
Membership No.: 105731

Place: Mumbai
Dated:

ANNEXURE "A" TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the accounts of Members of Industrial Township (Maharashtra) Limited for the year ended March 31, 2017

(1) The Company did not have any fixed assets during the year. Hence the provisions of the para 3(i) of the Order are not applicable.

(2) The Company's inventory comprises only construction work in progress. The Company does not have any inventory of raw material, finished goods, stores, and spares. Hence para 3(ii) of the Order is not applicable to the Company.

(3) The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under Section 189 of the Act. Hence, the provisions of para 3(iii) of the Order are not applicable.

(4) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.

(5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of Section 73 to 76 of the Act and the Rules framed thereunder.

(6) We have been informed that the Central Government has not prescribed maintenance of Cost records under Section 148(1) of the Act.

(7) (i) According to the records of the Company, the Company is has been regular in depositing with appropriate authorities undisputed statutory dues of tax deducted at source. The Company had no employees during the year and also did not have any operations and hence did not have any Provident Fund, employees state insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, cess and other statutory dues payable by it. According to the information and explanations given to us, no undisputed amounts payable in respect of tax deducted at source were outstanding as on March 31, 2017, for a period of more than 6 months from the date they become payable.

(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). The Company has not obtained any term loans during the year ended March 31, 2017.

(10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

(11) No managerial remuneration has been paid or provided during the year as per the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

(12) The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.

(13) According to the information and explanations given to us, there are no transactions with related parties during the year. Hence, the provisions of para 3(xiii) of the Order are not applicable to the Company.

(14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

(15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

(16) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For and on behalf of **B. K. Khare and Co.**
Chartered Accountants
Firm's Registration No.: 105102W

Himanshu Chapsey
Partner
Membership No.: 105731

Place: Mumbai
Dated:

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF INDUSTRIAL TOWNSHIP (MAHARASHTRA) LIMITED

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

We have audited the internal financial controls over financial reporting of Industrial Township (Maharashtra) Limited ("the Company") as of 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.

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 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's Registration No.: 105102W

Himanshu Chapsey
Partner
Membership No.: 105731

Place: Mumbai
Dated:

BALANCE SHEET AS AT 31 MARCH, 2017

` in Lakhs

		Note No.	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
I	**ASSETS**				
	CURRENT ASSETS				
	(a) Inventories	1	**489.89**	489.89	489.89
	(b) Financial Assets				
	(i) Cash and Cash Equivalents	2	**24.56**	24.23	24.70
	(ii) Other Bank Balances	2	**–**	–	–
	(c) Current Tax Assets (Net)		**2.75**	2.75	2.75
	SUB-TOTAL		**517.20**	516.86	517.34
	TOTAL ASSETS		**517.20**	516.86	517.34
II	**EQUITY AND LIABILITIES**				
	EQUITY				
	(a) Equity Share Capital	3	**500.00**	500.00	500.00
	(b) Other Equity	4	**(16.10)**	(14.46)	(14.85)
	SUB-TOTAL		**483.90**	485.54	485.15
	LIABILITIES				
	CURRENT LIABILITIES				
	(a) Financial Liabilities				
	(i) Borrowings	5	**–**	–	–
	(ii) Trade Payables	6	**2.20**	0.29	1.12
	(iii) Other Financial Liabilities	7	**31.01**	31.01	31.01
	(b) Other Current Liabilities		**0.08**	0.03	0.06
	SUB-TOTAL		**33.29**	31.32	32.19
	TOTAL		**517.20**	516.86	517.34

The accompanying notes 1 to 10 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: 18 April, 2017

Dhara Modi
Company Secretary
(PAN- BYTPM1518H)

For and on behalf of the Board of Directors of
Industrial Township (Maharashtra) Ltd.

Sangeeta Prasad	Director	(DIN:02791944)
Jayantt Manmadkar	Director	(DIN:03044559)
Suhas Kulkarni	Director	(DIN:00003936)

Place: Mumbai
Date: 18 April, 2017

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

` in Lakhs

		Note No.	As at 31 March, 2017	As at 31 March, 2016
Continuining Operations				
I	Revenue from operations		–	–
II	Other Income	8	–	0.84
III	**Total Revenue (I + II)**		–	0.84
IV	**EXPENSES**			
	(a) Cost of materials consumed			
	(b) Purchases of Stock-in-trade			
	(c) Changes in stock of finished goods, work-in-progress and stock-in-trade			
	(d) Employee benefit expense		–	–
	(e) Finance costs		–	–
	(f) Depreciation and amortisation expense		–	–
	(g) Impairment expenses/losses			
	(h) Other expenses	9	1.64	0.45
	Total Expenses (V)		1.64	0.45
	Profit/(loss) before exceptional items and tax (I - IV)		(1.64)	0.39
	Exceptional Items		–	–
V	**Profit/(loss) before tax (VII - VIII)**		(1.64)	0.39
VI	**Tax Expense**		–	–
VII	**Profit/(loss) for the period (XI + XIV)**		(1.64)	0.39
			–	–
VIII	**Other comprehensive income**		–	–
IX	**Total comprehensive income for the period (XV + XVIII)**		(1.64)	0.39
X	**Total comprehensive income for the period attributable to:**			
	Owners of the Company		(1.64)	0.39
	Non controlling interests		–	–
XI	**Earnings per equity share (for continuing operation):**			
	(1) Basic	10	(0.03)	0.01
	(2) Diluted	10	(0.03)	0.01

The accompanying notes 1 to 10 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: 18 April, 2017

Dhara Modi
Company Secretary
(PAN- BYTPM1518H)

For and on behalf of the Board of Directors of
Industrial Township (Maharashtra) Ltd.

Sangeeta Prasad Director (DIN:02791944)
Jayantt Manmadkar Director (DIN:03044559)
Suhas Kulkarni Director (DIN:00003936)

Place: Mumbai
Date: 18 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	**(1.64)**	0.39
Adjustments for:		
Income tax expense recognised in profit or loss		
Movements in working capital:		
(Decrease)/increase in other liabilities	**1.97**	(0.87)
Cash generated from operations	**0.34**	(0.48)
Income taxes paid		
Net cash generated by operating activities	**0.34**	(0.48)
Cash flows from investing activities		
Payments to acquire financial assets		
Proceeds on sale of financial assets		
Interest received		
Net cash (used in)/generated by investing activities		
Cash flows from financing activities		
Proceeds from issue of equity instruments of the Company		
Payment for debt issue costs		
Proceeds from borrowings		
Repayment of borrowings		
Proceeds from government loans		
Dividends paid to owners of the Company		
Interest paid		
Net cash used in financing activities		
Net increase in cash and cash equivalents	**0.34**	(0.48)
Cash and cash equivalents at the beginning of the year	**24.23**	24.70
Effects of exchange rate changes on the balance of cash held in foreign currencies		
Cash and cash equivalents at the end of the year	**24.56**	24.23

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: 18 April, 2017

Dhara Modi
Company Secretary
(PAN- BYTPM1518H)

For and on behalf of the Board of Directors of
Industrial Township (Maharashtra) Ltd.

Sangeeta Prasad	Director	(DIN:02791944)
Jayantt Manmadkar	Director	(DIN:03044559)
Suhas Kulkarni	Director	(DIN:00003936)

Place: Mumbai
Date: 18 April, 2017

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

1. General Information

The Company was incorporated on August 16, 2007 and is engaged in the business of development of Knowledge City in Pune, Maharashtra. Its parent and holding companyis Mahindra Lifespace Developers Ltd.

The addresses of its registered office and principal place of business are disclosed in the introduction to the annual report.

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.

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.

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. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

2.4.1 Construction contracts

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 consolidated 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

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 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 measured based on the proportion of costs incurred for rendering of the service to date relative to the estimated total costs, except where this would not be representative of the stage of completion

2.5 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.

2.6 Taxation

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

2.6.1 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.

2.6.2 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 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.

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

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.

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

2.9 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.

2.9.1 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 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 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.

2.13. First-time adoption – mandatory exceptions, optional exemptions, and

2.13.1. 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.

2.13.2. 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).

2.13.3. 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.

2.13.4. 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.

2.13.5. 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.

2.13.6. 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.

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

Note 1. Inventories

` in Lakhs

Particulars	**As at 31 March, 2017**	As at 31 March, 2016	As at 1 April, 2015
(a) Raw materials			
(b) Work-in-progress	**489.89**	489.89	489.89
(c) Finished and semi-finished goods			
(d) Stock-in-trade of goods acquired for trading			
(e) Stores and spares			
(f) Loose Tools			
(g) Agricultural produce (including biological assets)			
(h) Others (specify the nature)			
Total Inventories (at lower of cost and net realisable value)	**489.89**	489.89	489.89

` in Lakhs

	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Included above, goods-in-transit:			
(i) Raw materials			
(ii) Finished and semi-finished goods			
(iii) Stock-in-trade of goods acquired for trading			
(iv) Stores and spares			
(v) Loose Tools			
(vi) Others			
Total goods-in-transit			

Note: Work in Progress includes Land and its related expenses

Note 2. Cash and Bank Balances

` 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	**24.36**	24.03	24.50
(b) Cheques, drafts on hand			
(c) Cash on hand	**0.20**	0.20	0.20
(d) Others			
Total Cash and cash equivalent	**24.56**	24.23	24.70
(i) On Margin Accounts	**–**	–	–
(ii) Fixed Deposits with maturity greater than 3 months	**–**	–	–
Total Other Bank balances	**–**	–	–

Demonetisation

` in Lakhs

	SBNs	**Other denomination notes**	**Total**
Closing cash in hand as on 08.11.2016	–	0.2	0.2
(+) Permitted receipts	–		
(-) Permitted payments	–		
(-) Amount deposited in Banks			
Closing cash in hand as on 30.12.2016		0.2	0.2
Movement for Day 31.12.2016			
Closing cash in hand as on 31.12.2016		0.2	0.2
Cash on hand			0.2

Note 3. 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**	No. of shares	Amount	No. of shares	Amount
Authorised:						
Equity shares of ` 10 each with voting rights	**10,000,000**	**1,000**	10,000,000	500	10,000,000	1,000
Equity shares of ` ___ each with differential voting rights						
Preference shares of ` ___ each						
Issued, Subscribed and Fully Paid:						
Equity shares of ` 10 each with voting rights	**5,000,000**	**500**	5,000,000	500	5,000,000	500
Equity shares of ` ___ each with differential voting rights						
Preference shares of ` ___ each						
Total	**5,000,000**	**500**	5,000,000	500	5,000,000	500

Statement of Changes In Equity for the year ended 31 March, 2017

	` in Lakhs
A. Equity share capital	
As at 1 April, 2015	500
Changes in equity share capital during the year	–
As at 31 March, 2016	500
Changes in equity share capital during the year	–
As at 31 March, 2017	**500**

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

Note 4. Other Equity

` in Lakhs

Particulars	Reserves and Surplus			Items of other comprehensive income	
	General Reserve	Other Reserve (specify nature)#	Retained Earnings	Debt instrument through Other Comprehensive Income	**Total**
As at 1 April, 2015			(14.85)		(14.85)
Profit/(Loss) for the period			0.39		0.39
Other Comprehensive Income/(Loss)					–
Total Comprehensive Income for the year			0.39		0.39
Transfers to Reserves					
Transfers from retained earnings					
As at 31 March, 2016	–		(14.46)		(14.46)
Profit/(Loss) for the period	–		(1.64)		(1.64)
Other Comprehensive Income/(Loss)					
Total Comprehensive Income for the year	–		(1.64)		(1.64)
Transfers to Reserves					
Transfers from retained earnings					
Any other changes (to be specified)					
As at 31 March, 2017	**–**		**(16.10)**		**(16.10)**

Note 5. 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
Trade payable - Micro and small enterprises						
Trade payable - Other than micro ans small enterprises	**2.20**	**–**	0.29	–	1.12	–
Liability for Cash-settled share-based payments						
Acceptances						
Total trade payables	**2.20**	**–**	0.29	–	1.12	–

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 6. Other Financial Liabilities

` in Lakhs

Particulars	**As at 31 March, 2017**	As at 31 March, 2016	As at 1 April, 2015
Other Financial Liabilities Measured at Amortised Cost			
Non-Current			
(a) Security Deposits			
(b) Other long term liabilities			
Current			
(a) Current maturities of long-term debt			
(b) Current maturities of finance lease obligations			
(c) Interest accrued			
(d) Other liabilities			
(1) Creditors for capital supplies/services			
(2) Retention Money			
(3) Received from Land Aggregator	**31.01**	31.01	31.01
Total other financial liabilities	**31.01**	31.01	31.01

Note 7. 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. Advances received from customers						
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)	**0.08**		0.03		0.06	
– Employee Recoveries and Employer Contributions						
TOTAL OTHER LIABILITIES	**0.08**		0.03		0.06	

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

Note 8. Other Income

` in Lakhs

Particulars		**As at 31 March, 2017**	As at 31 March, 2016
(a)	Interest Income		
(b)	Dividend Income*		
(c)	Provision write back	–	0.84
(d)	Finance lease contingent rental income		
(e)	Operating lease rental income		
Total Other Income		**–**	0.84

Note 9. Other Expenses

` in Lakhs

Particulars		**As at 31 March, 2017**	As at 31 March, 2016
(a)	Auditors remuneration and out-of-pocket expenses	**0.58**	0.29
	(i) As Auditors	**0.29**	0.29
	(ii) For Taxation matters		
	(iii) For Company Law matters		
	(iv) For Rates & Taxes	**0.29**	
	(v) For reimbursement of expenses		
(b)	Other expenses		
	(1) Provision for diminution of Investments		
	(2) Provision for losses of subsidiaries		
	(3) Legal and other professional costs	**1.06**	0.17
Total Other Expenses		**1.64**	0.45

Note 10. Earnings per Share

Note	**Particulars**	**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	**(163,519)**	38,950
	Less: Preference dividend and tax thereon		
	Profit/(loss) for the year used in the calculation of basic earnings per share		
	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		
	Weighted average number of equity shares	**5,000,000**	5,000,000
	Earnings per share from continuing operations - Basic	**(0.03)**	0.01

Note No. 11 - First-time adoption of Ind-AS

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

PARTICULARS	**Notes**	**Rupees in Lakhs Year Ended 31 March 2016**
Profit or Loss as per previous GAAP		0.39
Ind AS: Adjustments increase (decrease):		–
Profit or Loss under Ind AS		0.39
Other comprehensive income		–
Total comprehensive income under Ind ASs		0.39

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

(ii) Reconciliation of total equity as at 31st March, 2016 and 1st April, 2015:

Rupees in Lakhs

PARTICULARS	**As at 31st March 2016**	**As at 1st April 2015**
Equity as reported under Previous GAAP	485.54	485.15
IND AS Adjustment – Increase/(Decrease)	–	–
Equity as reported under IND AS	485.54	485.15

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: 18 April, 2017

Dhara Modi
Company Secretary
(PAN- BYTPM1518H)

For and on behalf of the Board of Directors of Industrial Township (Maharashtra) Ltd.

Sangeeta Prasad	Director	(DIN:02791944)
Jayantt Manmadkar	Director	(DIN:03044559)
Suhas Kulkarni	Director	(DIN:00003936)

Place: Mumbai
Date: 18 April, 2017

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their Eighth report together with the audited financial statement of your Company for the financial year ended 31st March, 2017.

FINANCIAL HIGHLIGHTS

(Amount in `)

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	**(56,118)**	(49,465)
Less : Depreciation	**–**	–
Profit/(Loss) Before Finance Cost and Taxation	**(56,118)**	(49,465)
Less : Finance Cost	**–**	–
Profit/(Loss) Before Taxation	**(56,118)**	(49,465)
Less : Provision for Taxation	**–**	–
Profit/(Loss) for the year after Taxation	**(56,118)**	(49,465)
Add: Balance of Profit/(Loss) for earlier years	**(1,060,088)**	(1,010,624)
Balance carried forward	**(1,116,206)**	(1,060,088)

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

In view of the carried forward losses, no dividend has been recommended by the Directors for the financial year 2016-17.

Reserves

In view of loss for the year, no amount has been transferred to Reserves.

Operations

The Company was established to undertake large format and residential developments in India. As the Company did not invest in any project over a period of time, the Board of Directors of the Company approved the amalgamation of the Company with Mahindra World City (Maharashtra) Limited, a wholly owned subsidiary company of the Company's holding company.

Subject to approval of the equity shareholders of the Company and other necessary approvals mentioned in the National Company Law Tribunal Order, the Company will submit Company Scheme Petition with NCLT, Mumbai for seeking approval of the Scheme of Amalgamation. Consequent to amalgamation, the equity shareholders of the Company will be allotted 3 (three) 8.5% Non-cumulative Redeemable Preference share of ` 10 each for every 2 (two) equity share of ` 10 each held in the Company.

No material changes and commitments have occurred after the close of the year till the close of this Report, which affect the financial position of the Company.

The financial statement for the year under review have been prepared on the basis of going concern status of the Company.

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

Share Capital

The Authorised equity Share Capital of the Company is ` 50,000,000 and the paid-up equity capital of the Company is ` 1,100,000.

During the year, the Company has neither issued any shares (including equity shares with differential rights or any sweat equity share) nor granted employee stock options. Further, there were no shares having voting rights not exercised directly by the employees for the purchase of which or subscription to which loan was given by the Company.

Non-Convertible Debentures

During the year, the Company has not issued/allotted any non-convertible debentures.

Networth

The networth of the Company at the close of the previous financial year (FY 2015-16) and at the close of the current financial year (FY 2016-17) was ` 39,311 and ` (16,207) respectively.

Holding Company

The Company is a wholly owned subsidiary company of Mahindra Lifespace Developers Limited and consequently a subsidiary company of the ultimate holding company Mahindra & Mahindra Limited.

During the year, no company became/ceased to be subsidiary/associate or joint venture company of the Company. Therefore, the requirements of consolidated financial statement are not applicable to the Company.

Board of Directors

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

Name of Director	DIN	Designation
Mr. Jayantt Manmadkar	03044559	Chairman, Non-Executive Non-Independent Director
Mr. Suhas Kulkarni	00003936	Non-Executive Non-Independent Director
Mr. Siddharth Bafna	07383837	Non-Executive Non-Independent Director

Pursuant to Section 152 of the Companies Act, 2013, Mr. Suhas Kulkarni (DIN: 00003936) a Non-Executive and Non-Independent Director retires by rotation at the ensuing 8th Annual General Meeting of the Company and being eligible has offered himself for re-appointment.

Mr. Suhas Kulkarni is not disqualified from being appointed/ re-appointed as Director by virtue of the provisions of Section 164 of the Companies Act, 2013.

Key Managerial Personnel

As the Company does not meet threshold limit for the paid-up share capital, the provisions of the Companies Act, 2013 with respect to appointment of Key Managerial Personnel are currently not applicable to the Company.

Corporate Social Responsibility (CSR) Committee

As the Company, does not meet any of the criteria prescribed under Section 135(1) of the Companies Act, 2013 and Rules made thereunder, the provisions with respect to CSR are currently not applicable to the Company.

Audit Committee

As the Company, does not meet any of the criteria prescribed under Section 177 and Rules made thereunder, the provisions with respect to Audit Committee are currently not applicable to the Company.

Nomination and Remuneration Committee

As the Company, does not meet any of the criteria prescribed under Section 178 of the Companies Act, 2013 and Rules thereunder, the provisions with respect to Nomination & Remuneration Committee are currently not applicable to the Company.

Meetings

During the year, four (4) Board Meetings were convened and held on 22nd April, 2016, 18th July, 2016, 24th October, 2016 and 20th January, 2017.

All Directors attended all the board meetings during the year.

The previous Annual General Meeting of the Company was held on 18th July, 2016.

Codes of Conduct

The Company had adopted Codes 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 year under review, received declarations under the Codes from the Directors 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. the Company has selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent to give a true and fair view of the Company at the end of the financial year 31st March, 2017 and of the loss of the Company for that period;

c. the Company has 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. the Company has prepared the annual accounts on a going concern basis; and

e. the Company has devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Internal Financial Controls

The Company has in place adequate internal financial controls with reference to the financial statement. The Board reviews the internal control systems with the auditors.

Vigil Mechanism

As the Company, does not meet the prescribed criteria given under Section 177 of the Companies Act, 2013, the requirements for establishment of vigil mechanism are currently not applicable to the Company.

Risk Management

The Company 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

M/s. B. K. Khare & Co., Chartered Accountants, Mumbai (ICAI Registration Number-105102W), were appointed as auditors for a term of five consecutive years from the conclusion of 5th Annual general meeting till the conclusion of 10th Annual General Meeting to be held in 2019. Pursuant to Section

139(1) of the Companies Act, 2013, the Company shall place the matter relating to appointment of auditors for ratification by members at every Annual General Meeting. The members are requested to ratify the appointment of Statutory Auditors from the conclusion of 8th Annual General Meeting till the conclusion of 10th Annual General Meeting to be held in 2019.

As required under the provisions of Section 139 (1) and 141 of the Companies Act, 2013 read with the Companies (Accounts and Auditors) Rules, 2014, the Company has received a written consent and certificate from the above auditors whose appointment is proposed to be ratified, to the effect that their appointment, if ratified, would be in conformity with the limits specified in the said section.

The Auditor's Report does not contain any qualification, reservation or adverse remark and therefore does not call for any further comments.

The requirements of having internal auditor, cost auditor and secretarial auditor are presently not applicable to the Company.

Particulars of Loans, Guarantees or Investments under Section 186 of the Companies Act, 2013

As the Company is 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.

There were no investments made by the Company attracting the provision of Section 186(1) of the Companies Act, 2013 for the year under review.

Contracts and Arrangements with Related Parties

During the year, there were no contracts/arrangements with related parties of the Company referred under sub-section (1) of Section 188 of the Companies Act, 2013, hence the disclosure of related party transaction to be provided under Section 134(3)(h) of the Companies Act, 2013, in form AOC-2 is not applicable to the Company.

Deposits, Loans and Advances

During the year, the Company has not accepted any deposits from the public or its employees within the meaning of Section 73 of the Companies Act, 2013.

The Company has not made any loans and advances of the nature which are required to be disclosed in the annual accounts of the Company pursuant to Regulation 34(3) and 53 (f) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable to the holding company Mahindra Lifespace Developers Limited.

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

The particulars relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgoas per Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 during the year are given in the prescribed format in the **Annexure 1** to this report.

Employee Remuneration

Being an unlisted company, the details of employee remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to the Company.

Extract of Annual Return

The details forming part of the extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 is included in this Report as **Annexure 2** and forms part of this Report.

General

- During the year, there were no cases filed/reported pursuant to the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013.
- No 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 of the Company.

Cautionary Statement

Certain statements in the Directors' Report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.

Acknowledgment

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

For and on behalf of the Board,

Jayantt Manmadkar
Chairman
DIN: 03044559

Mumbai, 12th April, 2017

ANNEXURE 1

A. CONSERVATION OF ENERGY

(i)	the steps taken or impact on conservation of energy	:	The Company is evaluating suitable opportunity in large format development and residential development and adequate energy conservation measures will be taken at an appropriate time
(ii)	the steps taken by the company for utilising alternate sources of energy	:	Not Applicable
(iii)	the capital investment on energy conservation equipments	:	Nil

B. TECHNOLOGY ABSORPTION

(i)	the efforts made towards technology absorption	:	The Company has not carried out any R&D activities during the year. The Company intends to initiate quality improvement measures at an appropriate time.
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	:	Not Applicable
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	:	Not Applicable
(iv)	the expenditure incurred on Research and Development	:	Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, there were no transactions involving Foreign Exchange earnings in terms of actual inflows and the Foreign Exchange outgo in terms of actual outflows.

For and on behalf of the Board,

Jayantt Manmadkar
Chairman
DIN: 03044559

Mumbai, 12th April, 2017

ANNEXURE 2

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**	U70102MH2009PLC193399
2.	**Registration Date**	18/06/2009
3.	**Name of the Company**	Raigad Industrial & Business Park 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, Dr G M Bhosale Marg, Worli, Mumbai 400 018 Tel: (022) 67478600/8601
6.	**Whether listed Company (Yes/No)**	No
7.	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	Not Applicable

2. **PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

Sr. No	Name and Description of Main Product/Services	NIC Code of the Product*	% to total turnover of the Company#
1.	Construction of Buildings	410	Nil
2.	Real estate activities with own or leased property	681	Nil
3.	Landscape care and maintenance service activities	813	Nil

* As per National Industrial Classification- Ministry of Statistics and Programme Implementation.

\# The Company is evaluating suitable Business opportunities for large format development and residential developments.

3. **PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –**

Sr. No	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Mahindra Lifespace Developers Limited Address: Mahindra Towers, 5th Floor, Dr G M Bhosale Marg, Worli, Mumbai 400 018	L45200MH1999PLC118949	Holding	100%	2(46)
2.	Mahindra and Mahindra Limited Address: Gateway Building, Apollo Bunder, Mumbai - 400 001	L65990MH1945PLC004558	Ultimate Holding	–	2 (46)

4. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding.

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt (s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp	–	110,000	110,000	100	–	110,000	110,000	100	–
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total (A) (1):-	–	110,000	110,000	100	–	110,000	110,000	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)	–	**110,000**	**110,000**	**100**	–	**110,000**	**110,000**	**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 `. 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of ` 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (Non Resident Individuals)	–	–	–	–	–	–	–	–	–
d) Others Trust	–	–	–	–	–	–	–	–	–
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)	–	**110,000**	**110,000**	**100**	–	**110,000**	**110,000**	**100**	–

(ii) Shareholding of Promoters

	Shareholders Name	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Mahindra Lifespace Developers Limited	109,940	100	–	109,940	100	–	–
2	Mahindra Lifespace Developers Limited & Mr. Arun Nanda	10	0	–	10	0	–	–
3	Mahindra Lifespace Developers Limited & Mr. Suhas Kulkarni	10	0	–	10	0	–	–
4	Mahindra Lifespace Developers Limited & Mr. Rajan Narayan	10	0	–	0	0	–	–
5	Mahindra Lifespace Developers Limited & Ms. Sangeeta Prasad	0	0	–	10	0	–	–
6	Mahindra Lifespace Developers Limited & Mr. Ulhas Bhosale	10	0	–	10	0	–	–
7	Mahindra Lifespace Developers Limited & Ms. Anita Arjundas	10	0	–	10	0	–	–
8.	Mahindra Lifespace Developers Limited & Mr. Jayantt Manmadkar	10	0	–	10	0	–	–

(iii) Change in Promoters' Shareholding (please specify, if there is no change): There is no change in the shareholding of the promoters. However, during the year, 10 shares held by Mahindra Lifespace Developers Limited jointly with Mr. Rajan Narayan were transferred to Mahindra Lifespace Developers Limited jointly with Ms. Sangeeta Prasad.

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

(v) Shareholding of Directors and Key Managerial Personnel:

For each of Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
Mr. Suhas Kulkarni – Director* At the beginning of the year	10	0.00	10	0.00
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc):	–	–	–	–
At the end of the year	10	0.00	10	0.00
Mr. Jayantt Manmadkar – Director* At the beginning of the year	10	0.00	10	0.00
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc):	–	–	–	–
At the end of the year	10	0.00	10	0.00

*** Jointly with Mahindra Lifespace Developers Limited (first Holder).**

5. INDEBTEDNESS

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

(**Amount in `**)

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)	–	–	–	–

6. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. **Remuneration to Managing Director, Whole-Time Directors and/or Manager:** Not Applicable

B. **Remuneration of other Directors:** Not Applicable

C. **Remuneration to Key Managerial Personnel other than Managing Director/Manager/Whole Time Director:** Not Applicable

7. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give Details)
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,

Jayantt Manmadkar
Chairman
DIN: 03044559

Mumbai, 12th April, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
RAIGAD INDUSTRIAL AND BUSINESS PARK LIMITED

Report on the Financial Statements

1. We have audited the accompanying IND AS financial statements of Raigad Industrial & Business Park Limited ("the Company"), which comprise the Balance Sheet as at 31 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

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 of the standalone financial statements IND AS 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 obtained by us 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, of the state of affairs of the Company as at 31 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

9. As required by the Companies (Auditors Report) Order 2016, issued by the Central Government of India in term sub-section (11) of section 143 of the Act (the "order"), and on basis of such check of the books and records of the company as we considered appropriate and according to the information and explanation given to us, we give in the Annexure A a statement on the matters specified in the paragraphs 3 and 4 of the order

10. As required by Section 143(3) of the Act, we report, 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, the Cash Flow Statement 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 the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company 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 08th November to 30th December, 2016 and these are in accordance with the books of accounts maintained by the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No.: 105102W

Himanshu Chapsey
Partner
Membership No.: 105731

Place: Mumbai
Dated: 12th April 2017

ANNEXURE "A" TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the accounts of Members of **Raigad Industrial and Business Park** Limited for the year ended March 31, 2017

1) The Company did not have any fixed assets during the year. Hence the provisions of the para 3(i) of the Order are not applicable.

2) Since the Company does not have any inventory, the provisions of para 3(ii) of the Order are not applicable.

3) The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Act. Hence, the provisions of para 3(iii) of the Order are not applicable.

4) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148(1) of the Act.

7) i) According to the records of the Company, the Company is has been regular in depositing with appropriate authorities undisputed statutory dues of tax deducted at source. The Company had no employees during the year and also did not have any operations and hence did not have any Provident Fund, employees state insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, cess and other statutory dues payable by it. According to the information and explanations given to us, no undisputed amounts payable in respect of tax deducted at source were outstanding as on March 31, 2017, for a period of more than 6 months from the date they become payable.

   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). The Company has not obtained any term loans during the year ended March 31, 2017.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) No managerial remuneration has been paid or provided during the year as per the provisions of section 197 read with Schedule V to the Companies Act, 2013.

12) The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.

13) According to the information and explanations given to us, there are no transactions with related parties during the year. Hence, the provisions of para 3(xiii) of the Order are not applicable to the Company.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration No.: 105102W

Himanshu Chapsey
Partner
Membership No.: 105731

Place: Mumbai
Dated: 12th April 2017

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF RAIGAD INDUSTRIAL AND BUSINESS PARK LIMITED

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

We have audited the internal financial controls over financial reporting of Raigad Industrial and Business Park Limited ("the Company") as of 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.

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 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

Himanshu Chapsey
Partner
Membership No. 105731

Place: Mumbai
Date: 12th April 2017

BALANCE SHEET AS AT 31ST MARCH, 2017

(Amount in `)

	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	5	**5,33,516**	5,88,440	6,32,789
Sub-total		**5,33,516**	5,88,440	6,32,789
Total assets		**5,33,516**	5,88,440	6,32,789
II EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	6	**11,00,000**	11,00,000	11,00,000
(b) Other equity	7	**(11,16,207)**	(10,60,089)	(10,10,624)
Sub-total		**(16,207)**	39,911	89,376
Liabilities				
Current liabilities				
(a) Financial Liabilities				
(i) Trade Payables	8	**5,49,722**	5,48,528	5,43,413
Sub-total		**5,49,722**	5,48,528	5,43,413
Total equity and liabilities		**5,33,516**	5,88,440	6,32,789

See accompanying notes forming part of the financial statements

In terms of our report attached
For B K Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Himanshu Chapsey
Partner
Membership No: 105731

Place : Mumbai

Date : 12th April 2017

For and on behalf of the Board of Directors

Jayantt Manmadkar Chairman (DIN-03044559)

Suhas Kulkarni Director (DIN-00003936)

Siddharth Bafna Director (DIN-07383837)

Place : Mumbai

Date : 12th April 2017

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

(Amount in `)

	Particulars	Note No.	For the year ended 31st March, 2017	For the year ended 31st March, 2016
I	**Expenses**			
	(a) Other expenses	9	56,118	49,465
	Total Expenses (I)		56,118	49,465
II	**Profit/(Loss) before tax**		(56,118)	(49,465)
III	**Tax Expense**			
	(1) Current tax		–	–
	(2) Deferred tax		–	–
	Total tax expense		–	–
IV	**Profit/(Loss) for the year (II-III)**		(56,118)	(49,465)
	Other comprehensive income		–	–
	(1) Items that will not be reclassified to profit or loss		–	–
	(2) Items that may be reclassified to profit or loss		–	–
V	**Total other comprehensive income (1)+(2)**		–	–
VI	**Total comprehensive income for the year (IV+V)**		(56,118)	(49,465)
VII	**Earnings per equity share**			
	Basic/Diluted	10	(0.51)	(0.45)

See accompanying notes forming part of the financial statements

In terms of our report attached
For B K Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Himanshu Chapsey
Partner
Membership No: 105731

Place : Mumbai

Date : 12th April 2017

For and on behalf of the Board of Directors

Jayantt Manmadkar	Chairman	(DIN-03044559)
Suhas Kulkarni	Director	(DIN-00003936)
Siddharth Bafna	Director	(DIN-07383837)

Place : Mumbai

Date : 12th April 2017

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

(Amount in `)

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Cash flow from operating activities		
Profit/(Loss) for the year	(56,118)	(49,465)
	(56,118)	(49,465)
Movements in working capital:		
Increase/(decrease) in other current liabilities	1,194	5,115
Net cash generated by/(used in) operating activities	(54,924)	(44,350)
Net increase in cash and cash equivalents	(54,924)	(44,350)
Cash and cash equivalents at the beginning of the year	5,88,440	6,32,789
Cash and cash equivalents at the end of the year	5,33,516	5,88,439

See accompanying notes forming part of the financial statements

In terms of our report attached
For B K Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Himanshu Chapsey
Partner
Membership No: 105731

Place : Mumbai
Date : 12th April 2017

For and on behalf of the Board of Directors

Jayantt Manmadkar Chairman (DIN-03044559)

Suhas Kulkarni Director (DIN-00003936)

Siddharth Bafna Director (DIN-07383837)

Place : Mumbai
Date : 12th April 2017

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

A. Equity share capital	**(Amount in `)**
Balance as at 1st April, 2015	**11,00,000**
Changes in equity share capital during the year	–
Balance as at 31st March, 2016	**11,00,000**
Changes in equity share capital during the year	–
Balance as at 31st March, 2017	**11,00,000**

B. Other Equity	**Retained earnings (Amount in `)**
Balance as at 1st April, 2015 (A)	**(10,10,624)**
Profit/(Loss) for the year (B)	(49,465)
Other comprehensive income (C)	–
Total comprehensive income (D) = [(B)+(C)]	(49,465)
Balance as 31st March, 2016 (E) = [(A)+ (D)]	**(10,60,089)**
Profit/(Loss) for the year (F)	(56,118)
Other comprehensive income (G)	–
Total comprehensive income (H) = [(F)+(G)]	(56,118)
Balance as at 31st March, 2017 (I) = [(F)+(H)]	**(11,16,207)**

See accompanying notes forming part of the financial statements

In terms of our report attached
For B K Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Himanshu Chapsey
Partner
Membership No: 105731

Place : Mumbai

Date : 12th April 2017

For and on behalf of the Board of Directors

Jayantt Manmadkar Chairman (DIN-03044559)

Suhas Kulkarni Director (DIN-00003936)

Siddharth Bafna Director (DIN-07383837)

Place : Mumbai

Date : 12th April 2017

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. Corporate information

Raigad Industrial & Business Park Limited ("the Company") is a public company incorporated in India on 18th June, 2009 under the provisions of erstwhile Companies Act, 1956. The registered office of the Company is located at 5th Floor, Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400 018.

The Company is in the business of development of Industrial Parks in Maharashtra and is in the process of identifying the lands for acquisition.

The Company is subsidiary of Mahindra Lifespace Developers Limited, Mumbai, a company incorporated in India. The ultimate parent company is Mahindra & Mahindra Limited.

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 31st 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 31st March, 2017 are the Company's first Ind AS financial statements. The date of transition to Ind AS is 1st April, 2015. Refer to Note No. 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 (`) which is also the Company's functional currency.

The financial statements were approved by the Board of Directors and authorised for issue on 12th April, 2017.

Financial assets and Liabilities

2.2 *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 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.

2.3 *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 market place.

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

2.3.1 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 allowances at an amount equal to lifetime expected credit losses.

2.3.2 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.

2.4 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.

2.4.1 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 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 the statement of profit and loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.4.1.1 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at Fair value through profit and loss.

2.4.1.2 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 the 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 the statement of profit and loss.

2.5 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.

2.6 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/(loss) for the year is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

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.

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

Mandatory exceptions:

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.

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.

Optional exemptions:

Deemed cost for property, plant and equipment

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. Consequently, cost in respect of property, plant and equipment has been retrospectively remeasured in accordance with Ind AS.

Deemed cost for Investments in subsidiary, joint ventures and associates

The company has elected the exemption of previous GAAP carrying amount of its investments in subsidiary, joint ventures and associates as of 1st April, 2015 (transition date) considering as deemed cost.

5. Cash and cash equivalents

(Amount in `)

Particulars	**As at 31st March, 2017**	As at 31st March, 2016	As at 1st April, 2015
(a) Balance with bank	**5,33,516**	5,88,440	6,32,789
Total cash and cash equivalents	**5,33,516**	5,88,440	6,32,789

6. Equity share capital

Particulars	**As at 31st March, 2017 Number of shares**	**`**	As at 31st March, 2016 Number of shares	`	As at 1st April, 2015 Number of shares	`
(a) Authorised						
Equity shares of ` 10 each with voting rights	**50,00,000**	**5,00,00,000**	50,00,000	5,00,00,000	50,00,000	5,00,00,000
	50,00,000	**5,00,00,000**	50,00,000	5,00,00,000	50,00,000	5,00,00,000
(b) Issued, subscribed and fully paid-up shares						
Equity shares of ` 10 each	**1,10,000**	**11,00,000**	1,10,000	11,00,000	1,10,000	11,00,000
	1,10,000	**11,00,000**	1,10,000	11,00,000	1,10,000	11,00,000

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

Particulars	**As at 31st March, 2017 Number of shares**	**`**	As at 31st March, 2016 Number of shares	`	As at 1st April, 2015 Number of shares	`
Opening balance	**1,10,000**	**11,00,000**	1,10,000	11,00,000	1,10,000	11,00,000
Add: Issued during the year	–	–	–	–	–	–
Closing balance	**1,10,000**	**11,00,000**	1,10,000	11,00,000	1,10,000	11,00,000

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.

(ii) Terms/rights attached to equity shares:

The Company is having only one class of equity shares having par value of ` 10 each. Each holder of equity share is entitled to one vote per share.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the amount paid up on equity shares held by the shareholders.

(iii) Details of shares held by the holding company:

Particulars	**As at 31st March, 2017**	As at 31st March, 2016	As at 1st April, 2015
Mahindra Lifespace Developers Limited, the holding company	**1,10,000**	1,10,000	1,10,000

(iv) Details of shares held by each shareholder holding more than 5% shares:

Particulars	**As at 31st March, 2017**		As at 31st March, 2016		As at 1st April, 2015	
	Number of shares	**% holding**	Number of shares	% holding	Number of shares	% holding
Mahindra Lifespace Developers Limited the holding company	**1,10,000**	**100%**	1,10,000	100%	1,10,000	100%

7. Other equity

(Amount in `)

Particulars	**Retained earnings**	**Total**
Balance as at 31st March, 2016	**(10,60,089)**	**(10,60,089)**
Profit/(Loss) for the year	(56,118)	**(56,118)**
Other comprehensive income	–	**–**
Total comprehensive income	(56,118)	**(56,118)**
Balance at 31st March, 2017	**(11,16,207)**	**(11,16,207)**
Balance as at 1st April, 2015	(10,10,624)	**(10,10,624)**
Profit/(Loss) for the year	(49,465)	**(49,465)**
Other comprehensive income	–	**–**
Total Comprehensive income	(49,465)	**(49,465)**
Balance as at 31st March, 2016	**(10,60,089)**	**(10,60,089)**

8. Trade payables

(Amount in `)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Trade payable - Micro and small enterprises	–	–	–
Trade payables for goods and services	5,49,722	5,48,528	5,43,413
Total trade payables	**5,49,722**	5,48,528	5,43,413

Note:

(i) No Companies have been identified under the Micro, Small and Medium Enterprises Development Act, 2006 and hence the disclosure as required by Notification No. G.S.R. 719 (E), dated 16th November, 2007 issued by the Ministry of Corporate Affairs is not applicable.

9. Other Expenses

(Amount in `)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
(a) Professional charges.................................	22,026	17,748
(b) Payments to auditors (including service tax):		
(i) For audit	28,624	28,625
(c) Miscellaneous expenses	5,468	3,092
Total other expenses	**56,118**	49,465

10. Earnings per share

(Amount in `)

Sr. No.	Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
(a)	Profit/(loss) for the year (`)	(56,118)	(49,465)
(b)	Weighted average number of equity shares (No.)	11,00,000	11,00,000
(c)	Basic/Diluted earning per share (`)	(0.05)	(0.04)
(d)	Nominal value per share (`)....................	10	10

11. Related Party Transactions

Related party disclosures as required by Ind As 24 "Related Party Disclosures" are given below.

Enterprises Controlling the Company

1	Mahindra & Mahindra Limited	Ultimate Holding Company
2	Mahindra Lifespace Developers Limited	Holding Company

Particulars	For the year ended	Ultimate Holding Company	Holding Company	Joint venture	Associate
Nature of transactions with Related Parties					
Payment made on behalf of related party	31-Mar-17 31-Mar-16	– –	– –	– –	– –
Deposit repaid	31-Mar-17 31-Mar-16	– –	– –	– –	– –

Nature of Balances with Related Parties	Balances as on	Ultimate Holding Company	Holding Company	Joint venture	Associate
Payables	31-Mar-17 31-Mar-16 1-Apr-15	– – –	4,59,153 4,59,153 4,59,153	– – –	– – –

Notes:

1. During the year, there were no amounts required to be written off or written back in respect of debts due from or to related parties.
2. Related parties have been identified by the Management.

12. Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 :

(Amount in `)

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 8th November, 2016	–	–	–
(+) Permitted receipts	–	–	–
(-) Permitted payments	–	–	–
(-) Amount deposited in Banks	–	–	–
Closing cash in hand as on 30 December, 2016	–	–	–

13. The accounts of the Company for the year ended 31st March, 2017 have been prepared on the basis of going concern.

14. 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:

(Amount in `)

Particulars	As at 31st March, 2016	As at 1st April, 2015
Equity as reported under previous GAAP	39,911	89,376
Ind AS: Adjustments increase/ (decrease)..	–	–
Equity as reported under IND AS.......	39,911	89,376

(ii) Reconciliation of total comprehensive income for the year ended 31st March, 2016:

(Amount in `)

Particulars	Note	for the year ended 31st March, 2016
Loss as per previous GAAP.............................	1	(49,465)
Ind AS: Adjustments increase/(decrease)		
Total adjustment to profit or loss		–
Loss under Ind AS...		(49,465)
Other comprehensive income.............................		–
Total comprehensive income under Ind ASs....		**(49,465)**

15. Financial Instruments

The Company's capital management objectives are:

– safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders

– maintain an optimal capital structure to reduce the cost of capital

The Management of the Company monitors the capital structure using debt ratio which is determined as the proportion of total debt to total equity.

Debt ratios are as follows:	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Debt (A)	–	–	–
Equity (B)	(16,207)	39,911	89,376
Debt Ratio (A / B)	–	–	–

Categories of financial assets and financial liabilities

The following tables shows the carrying amount and fair values of financial assets and financial liabilities by category:

	As at 31st March, 2017			
	Amortised Costs	**FVTPL**	**FVOCI**	**Total**
Current Assets				
Other Bank Balances	533,516			533,516
Current Liabilities				
Trade Payables	549,722			549,722

	As at 31st March, 2016			
	Amortised Costs	**FVTPL**	**FVOCI**	**Total**
Current Assets				
Other Bank Balances	588,440			588,440
Current Liabilities				
Trade Payables	548,528			548,528

	As at 1st April, 2015			
	Amortised Costs	**FVTPL**	**FVOCI**	**Total**
Current Assets				
Other Bank Balances	632,789			632,789
Current Liabilities				
Trade Payables	543,413			543,413

[II] 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 not exposed to credit risk from its operating activities (primary trade receivables) and from its financing activities, including deposits with banks and other financial instruments.

B) LIQUIDITY RISK

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.

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. 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 only in Indian Rupees and hence, there is no risk of foreign exchnage fluctuations.

(ii) 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 does not have exposure to the risk of changes in market interest rates.

(iii) Other price risk

The Company does not have other price risk.

16. 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.

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						
– cash & cash equivalents	**533,516**	–	588,440	–	632,789	–
	533,516	–	588,440	–	632,789	–
Financial liabilities						
Financial liabilities held at amortised cost						
– trade and other payables	**549,722**	–	548,528	–	543,413	–
Total	**549,722**	–	548,528	–	543,413	–

(Amount in `)

Financial assets/financial liabilities	**Fair value hierarchy as at 31st March, 2017**			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
(i) Cash and cash equivalents	–	**5,33,516**	–	**5,33,516**
Total..	–	**5,33,516**	–	**5,33,516**
Financial liabilities				
Financial liabilities held at amortised cost				
(i) Other current liablities....................	–	**5,49,722**	–	**5,49,722**
Total..	–	**5,49,722**	–	**5,49,722**

(Amount in `)

Financial assets/financial liabilities	Fair value hierarchy as at 31st March, 2016			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
(i) Cash and cash equivalents	–	5,88,440	–	5,88,440
Total	–	5,88,440	–	5,88,440
Financial liabilities				
Financial liabilities held at amortised cost				
(i) Other current liablities	–	5,48,528	–	5,48,528
Total	–	5,48,528	–	5,48,528

(Amount in `)

Financial assets/financial liabilities	Fair value hierarchy as at 1st April, 2015			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
(i) Cash and cash equivalents	–	6,32,789	–	6,32,789
Total	–	6,32,789	–	6,32,789
Financial liabilities				
Financial liabilities held at amortised cost				
(i) Other current liablities	–	5,43,413	–	5,43,413
Total	–	5,43,413	–	5,43,413

Note: The Group has not disclosed the fair value for financial instruments, because the carrying amounts are a reasonable approximation of fair value.

17. Previous year's figures have been regrouped/reclassified wherever necessary to correspondent with the Current Year's classification/disclosure.

See accompanying notes forming part of the financial statements

In terms of our report attached
For B K Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Himanshu Chapsey
Partner
Membership No: 105731

Place : Mumbai

Date : 12th April 2017

For and on behalf of the Board of Directors

Jayantt Manmadkar Chairman (DIN-03044559)

Suhas Kulkarni Director (DIN-00003936)

Siddharth Bafna Director (DIN-07383837)

Place : Mumbai

Date : 12th April 2017

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 31st March, 2017	For the year ended 31st March, 2016
Total Income	**752,400**	752,400
Profit/(Loss) Before Depreciation, Finance Cost and Taxation	**687,288**	694,661
Less : Depreciation	**–**	–
Profit/(Loss) Before Finance Cost and Taxation	**687,288**	694,661
Less : Finance Cost	**–**	–
Profit/(Loss) Before Taxation	**687,288**	694,661
Less : Provision for Taxation	**212,372**	214,650
Profit/(Loss) for the year after Taxation	**474,916**	480,011
Add: Balance of Profit/(Loss) for earlier years	**480,660**	649
Balance carried forward	**955,576**	480,660

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 for its growth plan, no dividend has been recommended by the 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 evaluating suitable opportunities for residential development.

No material changes and commitments have occurred after the close of the year till the close of this Report, which affect the financial position of the Company.

The financial statement for the year under review have been prepared on the basis of going concern status of the Company.

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

Share Capital

Authorised equity share capital of the Company is ` 1,000,000 and Paid-up equity share capital of the Company is ` 500,000.

During the year, the Company has neither issued any shares (including equity shares with differential rights or any sweat equity share) nor granted employee stock options. Further, there were no shares having voting rights not excercised directly by the employees for the purchase of which or subscription to which loan was given by the Company.

Non-Convertible Debentures

During the year, the Company has not issued/allotted any non-convertible debentures.

Networth

The networth of the Company at the close of the previous financial year (FY 2015-16) and at the close of the current financial year (FY 2016-17) was ` 980,660 and ` 1,455,576 respectively.

Holding Company

The Company is a wholly owned subsidiary company of Mahindra Lifespace Developers Limited and consequently a subsidiary company of the ultimate holding company Mahindra & Mahindra Limited.

During the year, no company became/ceased to be subsidiary/ associate or joint venture company of the Company. Therefore the requirements of consolidated financial statement are not applicable to the Company.

Board of Directors

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

Name of Director	DIN	Designation
Mr. Jayantt Manmadkar	03044559	Chairman, Non-Executive Non-Independent Director
Mr. Ramesh Ranganathan	03118598	Non-Executive Non-Independent Director
Mr. Suhas Kulkarni	00003936	Non-Executive Non-Independent Director

Pursuant to Section 152 of the Companies Act, 2013, Mr. Ramesh Ranganathan (DIN : 03118598),a Non-Executive and Non-Independent Director retires by rotation at the 7th Annual General Meeting of the Company and being eligible has offered himself for re-appointment. Mr. Ramesh Ranganathan is not disqualified from being re-appointed as a Director by virtue of the provisions of Section 164 of the Companies Act, 2013.

Key Managerial Personnel

As the Company does not meet threshold limit for the paid-up share capital, the provisions of Section 203 of the Companies Act, 2013 with respect to appointment of Key Managerial Personnel are currently not applicable to the Company.

Corporate Social Responsibility Committee (CSR)

As the Company does not meet any of the criteria prescribed under Section 135(1) of the Companies Act, 2013 and Rules made thereunder, the provisions with respect to CSR are currently not applicable to the Company.

Audit Committee

As the Company does not meet any of the criteria prescribed under Section 177 of the Companies Act, 2013 and Rules thereunder, the provisions with respect to Audit Committee are currently not applicable to the Company.

Nomination & Remuneration Committee

As the Company does not meet any of the criteria prescribed under Section 178 of the Companies Act, 2013 and Rules made thereunder, the provisions with respect to Nomination & Remuneration Committee are currently not applicable to the Company.

Meetings

During the year, four (4) Board Meetings were convened and held on 25th April, 2016, 19th July, 2016, 21st October, 2016 and 18th 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
1.	Mr. Jayantt Manmadkar	4
2.	Mr. Ramesh Ranganathan	4
3.	Mr. Suhas Kulkarni	4

The previous Annual General Meeting of the Company was held on 19th July, 2016.

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 year under review, received declarations under the Codes from the Board members of the Company affirming compliance with the respective Codes.

Directors’ Responsibility Statement

Pursuant to Section 134(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) 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;

c) 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;

d) the Directors have prepared the annual accounts on a going concern basis; and

e) 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.

Internal Financial Controls

The Company has in place adequate internal financial controls with reference to the financial statement. The Board reviews the internal control systems with the auditors.

Vigil Mechanism

As the Company does not meet the prescribed criteria given under Section 177 of the Companies Act, 2013, the requirements for establishment of vigil mechanism are currently not applicable to the Company.

Risk Management

The Company 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

M/s. B. K. Khare & Co., Chartered Accountants, Mumbai (ICAI Registration No: 105102W), were appointed as auditors for a term of five consecutive years from the conclusion of the 4th Annual General Meeting till the conclusion of the 9th Annual

General Meeting to be held in the calendar year 2019. Pursuant to Section 139(1) of the Companies Act, 2013, the Company shall place the matter relating to appointment of auditors for ratification by members at every Annual General Meeting. The members are requested to ratify the appointment of Statutory Auditors from the conclusion of 7th Annual General Meeting till the conclusion of 9th Annual General Meeting to be held in 2019.

As required under the provisions of Section 139(1) and 141 of the Companies Act, 2013 read with the Companies (Accounts and Auditors) Rules, 2014, the Company has received a written consent and certificate from the above auditors whose appointment is proposed to be ratified, to the effect that their ratification, if made, would be in conformity with the limits specified in the said Section.

The Auditor's Report does not contain any qualification, reservation or adverse remark and therefore does not call for any further comments.

The requirements of having internal auditor, cost auditor and secretarial auditor are presently not applicable to the Company.

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

As the Company is 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.

There were no investments made by the Company attracting the provision of Section 186(1) of the Companies Act, 2013 for the year under review.

Contracts and Arrangements with Related Parties

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. The details of contract/arrangement/transaction with related parties which could be considered material are given in **Annexure 1** in the form AOC-2. The Directors draw attention to Note no. 22 to the financial statement which sets out details of transactions with related parties.

Deposits, Loans and Advances

The Company has not accepted any deposits from the public or its employees within the meaning of Section 73 of the Companies Act, 2013.

The Company has not made any loans and advances of the nature which are required to be disclosed in the annual accounts of the Company pursuant to Regulation 34(3) and 53 (f) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable to the holding company Mahindra Lifespace Developers Limited.

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

The particulars relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as per Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 during the year are given in the prescribed format in the **Annexure 2** to this report.

Employee Remuneration

Being an unlisted Company, the details of employee remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to the Company.

Extract of Annual Return

The details forming part of the Extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 is included in this Report as **Annexure 3** and forms part of this Report.

General

- During the year, there were no cases filed/reported pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder.
- No 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 of the Company.

Cautionary statement

Certain statements in the Directors' Report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.

Acknowledgment

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

For and on behalf of the Board,

Jayantt Manmadkar
Chairman
DIN: 03044559

Mumbai, 19th April, 2017

ANNEXURE 1

FORM NO. AOC -2

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto.

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

1. Details of contracts or arrangements or transactions not at arm's length basis: NIL
2. Details of material contracts or arrangement or transactions at arm's length basis:
   a) Name(s) of the related party and nature of relationship: - Mahindra Homes Private Limited - Mr. Ramesh Ranganathan a common Director on the Board of the Company and Mahindra Homes Private Limited.
   b) Nature of contracts/arrangements/transactions: - Leave and Licence Agreement.
   c) Duration of the contracts/arrangements/transactions and salient terms of the contracts or arrangements or transactions including the value, if any: The arrangement is for use of vacant plot of land for five terms of eleven months each for a monthly consideration of ` 62,700/-.
   d) Date(s) of approval by the Board, if any: 13th October 2014.
   e) Amount received as advances, if any: ` 3,472,310/-

For and on behalf of the Board,

Jayantt Manmadkar
Chairman
DIN : 03044559

Mumbai, 19th April, 2017

ANNEXURE 2

A. CONSERVATION OF ENERGY:

(i)	the steps taken or impact on conservation of energy	:	The Company is looking out for a suitable opportunity in the Real Estate Development and adequate Energy Conservation measures will be undertaken at an appropriate time.
(ii)	the steps taken by the Company for utilising alternate sources of energy	:	Not Applicable
(iii)	the capital investment on energy conservation equipments	:	NIL

B. TECHNOLOGY ABSORPTION

(i)	the efforts made towards technology absorption	:	The Company has not carried out any R&D activities during the year. The Company intends to initiate quality improvement measures at an appropriate time.
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	:	Not Applicable
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	:	Not Applicable
(iv)	the expenditure incurred on Research and Development	:	NIL

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, there were no transactions involving Foreign Exchange earnings in terms of actual inflows and the Foreign Exchange outgo in terms of actual outflows.

For and on behalf of the Board,

Jayantt Manmadkar
Chairman
DIN : 03044559

Mumbai, 19th April, 2017

ANNEXURE 3

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	U70109MH2010PLC203619
2.	Registration Date	02/06/2010
3.	Name of the Company	Anthurium Developers Limited
4.	Category/Sub-Category of the Company	Company limited by shares/Indian Non-Government Company
5.	Address of the Registered office and contact details	Mahindra Towers, 5th Floor, Dr G. M. Bhosale Marg, Worli, Mumbai 400 018 Tel: (022) 67478600/8601
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No	Name and Description of Main Product/Services	NIC Code of the Product*	% to total turnover of the Company#
1.	Construction of Buildings	410	Nil

* As per National Industrial Classification- Ministry of Statistics and Programme Implementation

During the year under review, the Company had no turnover. During the year, the Company reviewed various proposals to undertake residential developments. The Company is evaluating suitable opportunities in this area.

3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Mahindra Lifespace Developers Limited Address: Mahindra Towers, 5th Floor, Dr G. M. Bhosale Marg, Worli, Mumbai 400 018	L45200MH1999PLC118949	Holding Company	100%	2(46)
2	Mahindra and Mahindra Limited Address: Gateway Building, Apollo Bunder, Mumbai - 400 001	L65990MH1945PLC004558	Ultimate Holding Company	–	2(46)

4. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding.

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
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 Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other...	–	–	–	–	–	–	–	–	–
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 upto ` 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of ` 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (Non Resident Individuals)	–	–	–	–	–	–	–	–	–
d) Others Trust	–	–	–	–	–	–	–	–	–
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.	Shareholders Name	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	Mahindra Lifespace Developers Limited	49,940	100.00	–	49,940	100.00	–	–
2	Mahindra Lifespace Developers Limited & Mr. Arun Nanda	10	0.00	–	10	0.00	–	–
3	Mahindra Lifespace Developers Limited & Mr. Suhas Kulkarni	10	0.00	–	10	0.00	–	–
4	Mahindra Lifespace Developers Limited & Mr. Rajan Narayan	10	0.00	–	0	0.00	–	0.00
5	Mahindra Lifespace Developers Limited & Ms. Sangeeta Prasad	0	0.00	–	10	0.00	–	0.00
6	Mahindra Lifespace Developers Limited & Mr. Ulhas Bhosale	10	0.00	–	10	0.00	–	–
7	Mahindra Lifespace Developers Limited & Ms. Anita Arjundas	10	0.00	–	10	0.00	–	–
8	Mahindra Lifespace Developers Limited & Mr. Jayantt Manmadkar	10	0.00	–	10	0.00	–	–

(iii) Change in Promoters' Shareholding (please specify, if there is no change): There is no change in the shareholding of the promoters. However, during the year, 10 shares held by Mahindra Lifespace Developers Limited jointly with Mr. Rajan Narayan were transferred to Mahindra Lifespace Developers Limited jointly with Ms. Sangeeta Prasad.

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

(v) Shareholding of Directors and Key Managerial Personnel:

For each of Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Mr. Suhas Kulkarni – Director* At the beginning of the year	10	0.00	10	0.00
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity, etc):	–	–	–	–
At the end of the year	10	0.00	10	0.00
Mr. Jayantt Manmadkar – Director* At the beginning of the year	10	0.00	10	0.00
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity, etc):	–	–	–	–
At the end of the year	10	0.00	10	0.00

**** shares are held jointly with Mahindra Lifespace Developers Limited (first holder).***

5. INDEBTNESS

Indebtness of the Company including 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	–	–	–	–
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)	–	–	–	–

6. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. **Remuneration to Managing Director, Whole-Time Directors and/or Manager:** Not Applicable

B. **Remuneration of other Directors:** Nil

C. **Remuneration to Key Managerial Personnel other than Managing Director/Manager/Whole Time Director:** Not Applicable

7. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/NCLT/ COURT)	Appeal made, if any (give details)
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,

Jayantt Manmadkar
Chairman
DIN : 03044559

Mumbai, 19th April, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
ANTHURIUM DEVELOPERS LIMITED

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Anthurium Developers Limited ("the Company"), which comprise the Balance Sheet as at 31 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 31 March, 2017, and its profit, total comprehensive profit, 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 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 8 November, 2016 of the Ministry of Finance, during the period from 8 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 **B K Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Himanshu Chapsey
Partner
Membership No. 105731

Place: Mumbai
Dated: 19th April 2017

ANNEXURE "A" TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the accounts of Members of Anthurium Developers Limited for the year ended March 31, 2017

1) The Company did not have any fixed assets during the year. Hence the provisions of the para 3(i) of the Order are not applicable.

2) The Company's inventory comprises only construction work in progress. The Company does not have any inventory of raw material, finished goods, stores, and spares. Hence para 3(ii) of the Order is not applicable to the Company.

3) The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Act. Hence, the provisions of para 3(iii) of the Order are not applicable.

4) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148(1) of the Act.

7) i) According to the records of the Company, the Company is has been generally regular in depositing with appropriate authorities undisputed statutory dues of tax deducted at source. The Company had no employees during the year and also did not have any operations and hence did not have any Provident Fund, employees state insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, cess and other statutory dues payable by it. According to the information and explanations given to us, no undisputed amounts payable in respect of tax deducted at source were outstanding as on March 31, 2017, for a period of more than 6 months from the date they become payable.

   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). The Company has not obtained any term loans during the year ended March 31, 2017.

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

Himanshu Chapsey
Partner
Membership No. : 105731

Place: Mumbai
Dated: 19th April 2017

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF ANTHURIUM DEVELOPERS LIMITED

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

We have audited the internal financial controls over financial reporting of Anthurium Developers Limited ("the Company") as of 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.

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

Himanshu Chapsey
Partner
Membership No. : 105731

Place: Mumbai
Dated: 19th April 2017

BALANCE SHEET AS AT 31ST MARCH, 2017

	Note No.	As at 31st March, 2017 `	As at 31st March, 2016 `	As at 1st April, 2015 `
I ASSETS				
Current assets				
(a) Inventories	5	**20,000,000**	20,000,000	20,000,000
(b) Financial Assets				
(i) Trade Receivables	6	**–**	–	2,000,000
(ii) Cash and Cash Equivalents	7	**3,285,654**	3,467,499	1,594,923
(c) Other Current Assets	8	**389,219**	464,459	412,317
Sub-total		**23,674,873**	23,931,958	24,007,240
Total assets		**23,674,873**	23,931,958	24,007,240
II EQUITY AND LIABILITIES				
Equity				
(a) Equity Share Capital	9	**5,00,000**	5,00,000	5,00,000
(b) Other Equity	10	**9,55,576**	4,80,660	649
Sub-total		**14,55,576**	9,80,660	5,00,649
Liabilities				
Current liabilities				
(a) Financial Liabilities				
(i) Borrowings	11	**20,000,000**	20,000,000	20,000,000
(ii) Trade Payables	12	**39,415**	49,738	34,281
(b) Other Current Liabilities	13	**2,179,882**	2,901,560	3,472,310
Sub-total		**22,219,297**	22,951,298	23,506,591
Total		**23,674,873**	23,931,958	24,007,240

See accompanying notes forming part of the financial statements

For **B K Khare & Co.**
Chartered Accountants
Firm Registration No. : 105102W

Himanshu Chapsey
Partner
Membership No. : 105731

Place : Mumbai
Date : 19th April 2017

For and on behalf of the Board of Directors

Jayantt Manmadkar Chairman (DIN-03044559)

Suhas Kulkarni Director (DIN-00003936)

Ramesh Ranganathan Director (DIN-03118598)

Place : Mumbai
Date : 19th April 2017

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

		Note No.	As at 31st March, 2017 `	As at 31st March, 2016 `
Continuining Operations				
I	**Other Income**	14	**752,400**	752,400
II	**EXPENSES**			
	(i) Other expenses	15	**65,113**	57,739
	Total Expenses (II)		**65,113**	57,739
III	**Profit/(loss) before tax (I-II)**		**687,288**	694,661
IV	**Tax Expense**			
	(i) Current tax	16	**212,372**	214,650
	Total tax expense (IV)		**212,372**	214,650
V	**Profit/(loss) for the period (III-IV)**		**474,916**	480,011
VI	**Total comprehensive income for the period**		**474,916**	480,011
VII	**Earnings per equity share (for continuing operation):**			
	(i) Basic/Diluted	17	**9.50**	9.60

See accompanying notes forming part of the financial statements

For **B K Khare & Co.**
Chartered Accountants
Firm Registration No. : 105102W

Himanshu Chapsey
Partner
Membership No. : 105731

Place : Mumbai
Date : 19th April 2017

For and on behalf of the Board of Directors

Jayantt Manmadkar Chairman (DIN-03044559)

Suhas Kulkarni Director (DIN-00003936)

Ramesh Ranganathan Director (DIN-03118598)

Place : Mumbai
Date : 19th April 2017

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

	For the year ended 31st March, 2017 `	For the year ended 31st March, 2016 `
Cash flow from operating activities		
Profit before tax for the year	**687,288**	694,661
Adjustments for:		
Movements in working capital:		
(Increase)/decrease in other assets	**75,240**	–
Decrease in trade and other payables	**(10,323)**	1,947,858
(Decrease)/increase in other liabilities	**(721,678)**	(555,293)
Cash generated from operations		
Income taxes paid	**(212,372)**	(214,650)
Net cash generated by operating activities	**(181,846)**	1,872,576
Cash flows from investing activities		
Net cash (used in)/generated by investing activities	**–**	–
Net cash used in financing activities	**–**	–
Net increase in cash and cash equivalents	**(181,846)**	1,872,576
Cash and cash equivalents at the beginning of the year	**3,467,499**	1,594,923
Cash and cash equivalents at the end of the year	**3,285,654**	3,467,499

See accompanying notes forming part of the financial statements

For **B K Khare & Co.**
Chartered Accountants
Firm Registration No. : 105102W

Himanshu Chapsey
Partner
Membership No. : 105731

Place : Mumbai
Date : 19th April 2017

For and on behalf of the Board of Directors

Jayantt Manmadkar Chairman (DIN-03044559)

Suhas Kulkarni Director (DIN-00003936)

Ramesh Ranganathan Director (DIN-03118598)

Place : Mumbai
Date : 19th April 2017

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

	`
A. Equity share capital	
As at 1st April, 2015	500,000
Changes in equity share capital during the year	–
As at 31st March, 2016	500,000
Changes in equity share capital during the year	–
As at 31st March, 2017	500,000

B. Other Equity	**Retained earnings (Amount in `)**
Balance as at 1 April, 2015 (A)	**649**
Profit/(Loss) for the year (B)	480,011
Other comprehensive income (C)	–
Total comprehensive income (D) = [(B)+(C)]	480,011
Balance as 31 March, 2016 (E) = [(A)+ (D)]	**480,660**
Profit/(Loss) for the year (F)	474,916
Other comprehensive income (G)	–
Total comprehensive income (H) = [(F)+(G)]	474,916
Balance as at 31 March, 2017 (I) = [(F)+(H)]	**955,576**

See accompanying notes forming part of the financial statements

For **B K Khare & Co.**
Chartered Accountants
Firm Registration No. : 105102W

Himanshu Chapsey
Partner
Membership No. : 105731

Place : Mumbai
Date : 19th April 2017

For and on behalf of the Board of Directors

Jayantt Manmadkar	Chairman	(DIN-03044559)
Suhas Kulkarni	Director	(DIN-00003936)
Ramesh Ranganathan	Director	(DIN-03118598)

Place : Mumbai
Date : 19th April 2017

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. Corporate information

Anthurium Developers Limited ("the Company") is a public company incorporated in India on 2nd June, 2010 under the provisions of erstwhile Companies Act, 1956. The registered office of the Company is located at 5th Floor, Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400 018.

The Company is engaged in the business of development of Residential complexes Ireo -Gurgaon. The Company is in the process of identifying lands for acquisition for its projects.

The Company is subsidiary of Mahindra Lifespace Developers Limited, Mumbai, a company incorporated in India. The ultimate parent company is Mahindra & Mahindra Limited.

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 31st March, 2017 are the Company's first Ind AS financial statements. The date of transition to Ind AS is 1st April, 2015. Refer to Note No. 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 (`) which is also the Company's functional currency.

The financial statements were approved by the Board of Directors and authorised for issue on 19th April, 2017.

2.2 Inventories

Inventories are stated at the lower of cost and net realisable value, whichever is lower. Cost is arrived at on first-in-first-out basis and includes overheads on absorption basis, where appropriate.

Financial assets and Liabilities

2.3 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 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.

2.4 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 market place.

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

2.4.1 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 allowances at an amount equal to lifetime expected credit losses.

2.4.2 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.

2.5 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.

2.5.1 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 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 the statement of profit and loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.5.1.1 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at Fair value through profit and loss.

2.5.1.2 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 the 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 the statement of profit and loss.

2.6 Revenue recognition

Revenue includes revenue on account of rental income (refer Note no. 14) Dividend income is recognised in the statement of profit and loss when the right to receive payment is established.

Interest Income is accounted for on time proportion basis.

2.7 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 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2.9 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/(loss) for the year is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

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.

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

Mandatory exceptions:

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.

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).

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.

Optional exemptions:

Deemed cost for property, plant and equipment

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 has been retrospectively remeasured in accordance with Ind AS.

Deemed cost for Investments in subsidiary, joint ventures and associates

The company has elected the exemption of previous GAAP carrying amount of its investments in subsidiary, joint ventures and associates as of 1 April, 2015 (transition date) considering as deemed cost.

5. Inventories

Particulars	**As at 31st March, 2017**	As at 31st March, 2016	As at 1st April, 2015
(a) Others (Land)................	**20,000,000**	20,000,000	20,000,000
Total Inventories (at lower of cost and net realisable value)........	**20,000,000**	20,000,000	20,000,000

6 Trade receivables

(Amount in `.)

Particulars	**As at 31st March, 2017**	As at 31st March, 2016	As at 1st April 2015
	Current	Current	Current
Trade receivables			
(a) Unsecured, considered good.........	**–**	–	2,000,000
Less: Allowance for Credit Losses.....................................	**–**	–	–
Total..	**–**	–	2,000,000

7. Cash and Bank Balances

(Amount in `)

Particulars	**As at 31st March, 2017**	As at 31st March, 2016	As at 1st April, 2015
Cash and cash equivalents			
(a) Balances with banks	**3,285,654**	3,467,499	1,594,923
Total Cash and cash equivalent	**3,285,654**	3,467,499	1,594,923

Reconcliation of Cash and Cash Equivalents

(Amount in `)

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...............	**3,285,654**	3,467,499	1,594,923
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...	**3,285,654**	3,467,499	1,594,923

8 Other assets

(Amount in `)

Particulars	**As at 31st March, 2017**	As at 31st March, 2016	As at 1st April 2015
	Current	Current	Current
(a) **Advances other than capital advances**			
(i) Other advances	**389,219**	464,459	412,317
Total.......................................	**389,219**	464,459	412,317

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

9. Equity Share Capital

(Amount in `)

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 ` 10 each with voting rights	**100,000**	**1,000,000**	100,000	1,000,000	100,000	1,000,000
Equity shares of ` 10 each with differential voting rights	–	–	–	–	–	–
Preference shares of ` 10 each	–	–	–	–	–	–
Issued, Subscribed and Fully Paid:						
Equity shares of ` 10 each with voting rights	**50,000**	**500,000**	50,000	500,000	50,000	500,000
Equity shares of ` 10 each with differential voting rights	–	–	–	–	–	–
Preference shares of ` 10 each	–	–	–	–	–	–
Issued, Subscribed and Partly Paid:						
Equity shares of ` 10 each with voting rights	**50,000**	**500,000**	50,000	500,000	50,000	500,000
Equity shares of ` 10 each with differential voting rights	–	–	–	–	–	–
Preference shares of ` 10 each	–	–	–	–	–	–
Total	**50,000**	**500,000**	50,000	500,000	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	Other Changes	Closing Balance
(a) Equity Shares with Voting rights*			
Year Ended 31st March 2016			
No. of Shares	50,000	–	50,000
Amount	500,000	–	500,000
Year Ended 1st April 2017			
No. of Shares	**50,000**	–	**50,000**
Amount	**500,000**	–	**500,000**

(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	Equity Shares with Voting rights	Equity Shares with Differential Voting rights	No. of Shares Others
As at 31st March 2017			
Mahindra Lifespace Developers Ltd. the Holding Company	**50000**	–	–
As at 31st March 2016			
Mahindra Lifespace Developers Ltd. the Holding Company	50000	–	–
As at 1st April 2015			
Mahindra Lifespace Developers Ltd. the Holding Company	50000	–	–

(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
Equity shares with voting rights						
Mahindra Lifespace Developers Ltd.	**50,000**	**100.00%**	50,000	100.00%	50,000	100.00%

10. Other Equity

Particulars	Retained earnings	Total
Balance as at 31st March, 2016	**480,660**	**480,660**
Profit/(Loss) for the year	474,916	**474,916**
Other comprehensive income	–	–
Total comprehensive income	474,916	**474,916**
Balance at 31st March, 2017	**955,576**	**955,576**
Balance as at 1st April, 2015	649	**649**
Profit/(Loss) for the year	480,011	**480,011**
Other comprehensive income	–	–
Total Comprehensive income	480,011	480,011
Balance as at 31st March, 2016	**480,660**	**480,660**

11. Current Borrowings

(Amount in `)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
A. Secured Borrowings			
(a) Other Loans	**20,000,000**	20,000,000	20,000,000
Total Current Borrowings	**20,000,000**	20,000,000	20,000,000

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

12. Trade Payables

(Amount in `)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
	Current	Current	Current
Trade payable – Other than micro and small enterprises..................	**39,415**	49,738	34,281
Total trade payables	**39,415**	49,738	34,281

Note:

(i) No Companies have been identified under the Micro, Small and Medium Enterprises Development Act, 2006 and hence the disclosure as required by Notification No. G.S.R. 719 (E), dated 16 November, 2007 issued by the Ministry of Corporate Affairs is not applicable.

13. Other Liabilities

(Amount in `)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
	Current	Current	Current
a. Advances received from customers	**1,967,510**	2,719,910	3,472,310
b. Statutory dues			
– taxes payable (other than income taxes)	**212,372**	181,650	–
Total other liabilities	**2,179,882**	2,901,560	3,472,310

14. Other Income

Particulars	As at 31st March, 2017	As at 31st March, 2016
(a) Rental income from Investment property.	**752,400**	752,400
Total Other Income	**752,400**	752,400

Note:-

The rent income arises from a short term operating lease of the Company's land. The lease term is for a period of 11 months and is renewed by mutual consent between parties.

15. Other Expenses

Particulars	As at 31st March, 2017	As at 31st March, 2016
(a) Auditors remuneration and out-of-pocket expenses		
(i) As Auditors..	**28,624**	28,625
Other expenses		
(i) Legal and other professional costs	**20,872**	26,457
(ii) Others...	**15,617**	2,657
Total Other Expenses	**65,113**	57,739

16. Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

(Amount in `)

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Current Tax:		
In respect of current year	**212,372**	214,650
Total income tax expense on continuing operations..	**212,372**	214,650

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

(Amount in `)

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Profit before tax from continuing operations	**687,288**	694,661
Income tax expense calculated at 30% (2016: 30%)#	**212,372**	214,650
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..................................	**212,372**	214,650

17. Earnings per Share

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
	Per Share	Per Share
Basic Earnings per share		
From continuing operations...................................	**9.50**	9.60
From discontinuing operations	–	–
Total basic earnings per share............................	**9.50**	9.60
Diluted Earnings per share		
From continuing operations...................................	**9.50**	9.60
From discontinuing operations	–	–
Total diluted earnings per share	**9.50**	9.60

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 31st March, 2017	For the year ended 31st March, 2016
Profit/(loss) for the year attributable to owners of the Company................................	**687,288**	480,011
Less: Preference dividend and tax thereon		
Profit/(loss) for the year used in the calculation of basic earnings per share..........	**687,288**	480,011
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...	**687,288**	480,011
Weighted average number of equity shares....	**50,000**	50,000
Earnings per share from continuing operations – Basic..	**9.50**	9.60

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

18. Details of Specified Bank Notes (SBN) held and transacted during the period from 8 November, 2016 to 30 December, 2016 :

(Amount in `)

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 8 November, 2016	–	–	–
(+) Permitted receipts.............	–	–	–
(-) Permitted payments............	–	–	–
(-) Amount deposited in Banks ..	–	–	–
Closing cash in hand as on 30 December, 2016.................	–	–	–

19. As the Company can continue its current operations with its own cash resources for a period of atleast one year, the accounts of the Company for the year ended 31 March, 2017 have been prepared on the basis of going concern.

20. Financial Instruments

Capital management

The Company's capital management objectives are:

– safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders

– maintain an optimal capital structure to reduce the cost of capital

The Management of the Company monitors the capital structure using debt ratio which is determined as the proportion of total debt to total equity.

Debt ratios are as follows:	**As at 31st March, 2017**	As at 31st March, 2016	As at 1st April, 2015
Debt (A)	**20,000,000**	20,000,000	20,000,000
Equity (B)	**1,455,576**	980,660	500,649
Debt Ratio (A / B)	**13.74**	20.39	39.95

Categories of financial assets and financial liabilities

	Amortised Costs	**FVTPL**	**FVOCI**	**As at 31st March, 2017 Total**
Current Assets				
Other Bank Balances	**3,285,654**			**3,285,654**
Current Liabilities				
Borrowings........	**20,000,000**			**20,000,000**
Trade Payables	**39,415**			**39,415**

	Amortised Costs	FVTPL	FVOCI	As at 31st March, 2016 Total
Current Assets				
Other Bank Balances	3,467,499			3,467,499
Current Liabilities				
Borrowings........	20,000,000			20,000,000
Trade Payables	49,738			49,738

	Amortised Costs	FVTPL	FVOCI	As at 1st April, 2015 Total
Current Assets				
Trade Receivables........	2,000,000			2,000,000
Other Bank Balances........	1,594,923			1,594,923
Current Liabilities				
Borrowings........	20,000,000			20,000,000
Trade Payables	34,281			34,281

[II] 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 not exposed to credit risk.

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 continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(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
Non-derivative financial liabilities			
31-Mar-17			
Non-interest bearing			
Trade Payable	39,415	–	–
Long Term Borrowing			
Long Term Borrowing - Principal	–	–	20,000,000
31-Mar-16			
Non-interest bearing			
Trade Payable	49,738	–	–
Long Term Borrowing			
Long Term Borrowing - Principal	–	–	20,000,000
1-Apr-15			
Non-interest bearing			
Trade Payable	34,281	–	–
Long Term Borrowing			
Long Term Borrowing - Principal	–	–	20,000,000

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.

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 only in Indian Rupees and hence, there is no risk of foreign exchnage fluctuations.

(ii) 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 does not have exposure to the risk of changes in market interest rates.

(iii) Other price risk

The Company does not have other price risk.

21. 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.

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						
– trade and other receivables	–		–		2,000,000	
– cash & cash equivalents	3,285,654		3,467,499		1,594,923	
– Other Current Assets	389,219		464,459		412,317	
	3,674,873		3,931,958		4,007,240	
Financial liabilities						
Financial liabilities held at amortised cost						
– loans from related parties	20,000,000		20,000,000		20,000,000	
– trade and other payables	39,415		49,738		34,281	
Total	20,039,415		20,049,738		20,034,281	

Fair value hierarchy as at 31st March, 2017

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
(i) cash & cash equivalents	–	**3,285,654**	–	**3,285,654**
Total	–	**3,285,654**	–	**3,285,654**
Financial liabilities				
Financial Instruments not carried at Fair Value				
(i) loans from related parties	–	**20,000,000**	–	**20,000,000**
(ii) trade and other payables	–	**39,415**	–	**39,415**
Total	–	**20,039,415**	–	**20,039,415**

Fair value hierarchy as at 31st March, 2016

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
(i) cash & cash equivalents	–	3,467,499	–	3,467,499
Total	–	3,467,499	–	3,467,499
Financial liabilities				
Financial Instruments not carried at Fair Value				
(i) loans from related parties	–	20,000,000	–	20,000,000
(ii) trade and other payables	–	49,738	–	49,738
Total	–	20,049,738	–	20,049,738

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	Fair value hierarchy as at 1st April, 2015			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– trade and other receivables	–	2,000,000	–	2,000,000
– cash & cash equivalents	–	1,594,923	–	1,594,923
Total	–	3,594,923	–	3,594,923
Financial liabilities				
Financial Instruments not carried at Fair Value				
– loans from related parties	–	20,000,000	–	20,000,000
– trade and other payables	–	34,281	–	34,281
Total	–	20,034,281	–	20,034,281

Note: The Group has not disclosed the fair value for financial instruments, because the carrying amounts are a reasonable approximation of fair value.

22. Related Party Transactions

Related party disclosures as required by Ind As 24 "Related Party Disclosures" are given below.

Mahindra Lifespace Developers Limited	Holding Company:
Mahindra Homes Private Limited	Associate

Details of transaction between the Company and its related parties are disclosed below:

Particulars	For the year ended	Parent Company	Associates
Nature of transactions with Related Parties			
Lease income	31-Mar-17	–	752,400
	31-Mar-16	–	752,400

Nature of Balances with Related Parties	Balance as on	Parent Company	Associates
Other balances	31-Mar-17	–	21,967,510
	31-Mar-16	–	22,719,910

23. 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	As at 1st April, 2015
Equity as reported under previous GAAP		500,000	500,000
Ind AS: Adjustments increase (decrease):			
Retained earnings		480,660	649
Treasury shares		–	–
Others **(please specify)**		–	–
Equity as reported under IND AS		980,660	500,649

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

Particulars	Notes	Year Ended 31st March, 2016
Profit or Loss as per previous GAAP		480,011
Total adjustment to profit or loss		–
Profit or Loss under Ind AS		480,011
Other comprehensive income		–
Total comprehensive income under Ind ASs		480,011

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

24. Previous year's figures have been regrouped/reclassified wherever necessary to correspondent with the Current Year's classification/disclosure.

See accompanying notes forming part of the financial statements

For **B K Khare & Co.**
Chartered Accountants
Firm Registration No. : 105102W

Himanshu Chapsey
Partner
Membership No. : 105731

Place : Mumbai
Date : 19th April 2017

For and on behalf of the Board of Directors

Jayantt Manmadkar Chairman (DIN-03044559)

Suhas Kulkarni Director (DIN-00003936)

Ramesh Ranganathan Director (DIN-03118598)

Place : Mumbai
Date : 19th April 2017

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their 4th 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 31st March, 2017	For the year ended 31st March, 2016
Total Income	**NIL**	Nil
Profit/(Loss) Before Depreciation, Finance Cost and Taxation	**(64,682)**	(45,601)
Less : Depreciation	**Nil**	Nil
Profit/(Loss) Before Finance Cost and Taxation	**(64,682)**	(45,601)
Less : Finance Cost	**Nil**	Nil
Profit/(Loss) Before Taxation	**(64,682)**	(45,601)
Less : Provision for Taxation	**Nil**	Nil
Profit/(Loss) for the year after Taxation	**(64,682)**	(45,601)
Add : Balance of Profit/(Loss) for earlier years	**(165,563)**	(119,962)
Balance carried forward	**(230,245)**	(165,563)

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

In view of the carried forward losses, no dividend has been recommended by the Directors for the financial year 2016-17.

Reserves

In view of loss for the year, no amount has been transferred to Reserves.

Operations

The Company has been established for the development of an industrial cluster in Gujarat. During the year, the Company received an in-principle approval under the Scheme for Financial Assistance to Industrial Parks, Gujarat Industrial Policy 2015 for setting up an industrial cluster near Ahmedabad, Gujarat. The Company has acquired 268.70 acres of land and converted 264 acres for the said purpose. The Company also signed an MOU with the Government of Gujarat as part of Investment Promotion Activity for Vibrant Gujarat Summit 2017 wherein the Government of Gujarat will be facilitating the Company to obtain the necessary permissions/approvals for the industrial cluster near Ahmedabad.

The Company has initiated the master planning for the project.

No material changes and commitments have occurred after the close of the year till the close of this Report, which affect the financial position of the Company.

The financial statement for the year under review have been prepared on the basis of going concern status of the Company.

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

Share Capital

Authorised equity share capital of the Company is ` 1,000,000 and paid-up equity share capital of the Company is ` 500,000.

During the year, the Company has neither issued any shares (including equity shares with differential rights or any sweat equity share) nor granted employee stock options. Further, there were no shares having voting rights not excercised directly by the employees for the purchase of which or subscription to which loan was given by the Company.

Debentures

During the year, Company has not issued/allotted any non-convertible debentures. The Company has during the year issued and allotted 9,220 Unsecured Optionally Convertible Redeemable Debentures (OCRDs) of ` 100,000 each at par to its holding company Mahindra Lifespace Developers Limited aggregating ` 922,000,000.

Pursuant to the aforementioned allotment of OCRDs, the total outstanding Debentures of the Company has exceeded the threshold of ` 500,000,000 as a result, certain provisions of the Companies Act, 2013 will now become applicable to your Company which will be complied with.

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 ` 334,437 and ` 269,755 respectively.

Holding Company

The Company is a wholly owned subsidiary company of Mahindra Lifespace Developers Limited and consequently a subsidiary company of the ultimate holding company Mahindra & Mahindra Limited.

During the year, no company became/ceased to be subsidiary/ associate or joint venture company of the Company. Therefore, the requirement of consolidated financial statement is not applicable to the Company.

Board of Directors

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

Name of Director	DIN	Designation
Mr. Jayantt Manmadkar	03044559	Non-Executive Non-Independent Director
Ms. Sangeeta Prasad	02791944	Chairperson, Non-Executive Non-Independent Director
Mr. Siddharth Bafna	07383837	Non-Executive Non-Independent Director

During the year, Mr. Suhas Kulkarni (DIN: 00003936) resigned from the office of Director w.e.f 18th January, 2017 due to pre-occupation. The Board placed on record its appreciation of the contribution made by Mr. Suhas Kulkarni during his tenure as a Director of the Company.

Ms. Sangeeta Prasad (DIN:02791944) and Mr. Siddharth Bafna (DIN : 07383837) were appointed as Additional Directors on the Board with effect from 18th January, 2017.

Ms. Sangeeta Prasad and Mr. Siddharth Bafna ceases to hold office as per the provisions of Section 161 of the Companies Act, 2013, at the ensuing Annual General Meeting and the Company has received a notice from a Member in writing proposing their candidature for the office of Director along with the requisite deposits.

Pursuant to Section 152 of the Companies Act, 2013, Mr. Jayantt Manmadkar (DIN: 03044559) a Non-executive and Non-independent Director retires by rotation at the 4th Annual General Meeting of the Company and being eligible has offered himself for re-appointment.

Mr. Jayantt Manmadkar, Ms. Sangeeta Prasad and Mr. Siddharth Bafna are not disqualified from being appointed/ re-appointed as Director by virtue of the provisions of Section 164 of the Companies Act, 2013.

Key Managerial Personnel

As the Company does not meet threshold limit for the paid-up share capital, the provisions of the Companies Act, 2013 with respect to appointment of Key Managerial Personnel are currently not applicable to the Company.

Corporate Social Responsibility (CSR)

As the Company does not meet any of the criteria prescribed under Section 135(1) of the Companies Act, 2013 and Rules made thereunder, the provisions with respect to CSR are currently not applicable to the Company.

Meetings

During the year, seven (7) Meetings were convened and held on 25th April, 2016, 19th July, 2016, 12th September, 2016, 6th October, 2016, two (2) meetings on 21st November, 2016 and 18th January, 2017.

Mr. Suhas Kulkarni and Mr. Jayantt Manmadkar attended all the Board Meetings. Mr. Siddharth Bafna and Ms. Sangeeta Prasad attended Board Meeting held on 18th January, 2017 in which they were appointed.

The previous Annual General Meeting of the Company was held on 19th July, 2016 and an extra ordinary general meeting was held on 12th September, 2016.

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 2016-2017, 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 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

As the Company, does not meet the prescribed criteria given under Section 177 of the Companies Act, 2013, the requirements for establishment of vigil mechanism are currently not applicable to the Company.

Risk Management

The Company has appropriate risk management systems and procedures 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

M/s. B. K. Khare & Co., Chartered Accountants, Mumbai (ICAI Registration Number-105102W), were appointed as auditors for a term of five consecutive years from the conclusion of the 1st Annual General Meeting till the conclusion of the 6th Annual General Meeting to be held in the calendar year 2019. Pursuant to Section 139(1) of the Companies Act, 2013, the Company shall place the matter relating to appointment of auditors for ratification by members at every Annual General Meeting. The members are requested to ratify the appointment of Statutory Auditors from the conclusion of the 4th Annual General Meeting till the conclusion of the 6th Annual General Meeting to be held in 2019.

As required under the provisions of Section 139(1) and 141 of the Companies Act, 2013 read with the Companies (Accounts and Auditors) Rules, 2014, the Company has received a written consent and certificate from the above auditors whose appointment is proposed to be ratified, to the effect that their appointment, if made, would be in conformity with the limits specified in the said section.

The Auditor's Report does not contain any qualification, reservation or adverse remark and therefore does not call for any further comments.

The requirements of having internal auditor, cost auditor and secretarial auditor are presently not applicable to the Company.

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

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, gurantees 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.

There were no investments made by the Company attracting the provision of Section 186(1) of the Companies Act, 2013 for the year under review.

Contracts and Arrangements with Related Parties

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract/arrangement with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 which could be considered material. Accordingly, the disclosure of related party transaction to be provided under Section 134(3)(h) of the Companies Act, 2013, in form AOC-2 is not applicable to the Company.

Deposits, Loans and Advances

The Company has not accepted any deposits from the public or its employees within the meaning of Section 73 of the Companies (Acceptance of Deposits) Rules, 2014.

The Company has not made any loans and advances of the nature which are required to be disclosed in the annual accounts of the Company pursuant to Regulation 34(3) and 53(f) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable to the holding company Mahindra Lifespace Developers Limited.

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

The particulars relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as per Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 during the year are given in the prescribed format in the **Annexure 1** to this report.

Employee Remuneration

Being an unlisted Company, the details of employee remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to the Company.

Extract of Annual Return

The details forming part of the extract of the annual return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 is included in this report as **Annexure 2** and forms part of this report.

General

- During the year, there were no cases filed /reported pursuant to the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013.
- No 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 of the Company.

Cautionary statement:

Certain statements in the Directors' Report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.

Acknowledgment

The Directors are thankful to all consultants and associates of the Company for the support received from them during the year.

For and on behalf of the Board

Sangeeta Prasad
Chairperson
DIN : 02791944

Mumbai, 18th April, 2017

ANNEXURE 1

A. CONSERVATION OF ENERGY:

(i)	the steps taken or impact on conservation of energy	:	The Company is looking out for suitable opportunity to develop an Industrial Park and adequate energy conservation measures will be taken at an appropriate time
(ii)	the steps taken by the company for utilising alternate sources of energy	:	Not Applicable
(iii)	the capital investment on energy conservation equipments	:	Nil

B. TECHNOLOGY ABSORPTION

(i)	the efforts made towards technology absorption	:	The Company has not carried out any R&D activities during the year. The Company intends to initiate quality improvement measures at an appropriate time.
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	:	Not Applicable
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	:	Not Applicable
(iv)	the expenditure incurred on Research and Development	:	Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, there were no transactions involving foreign exchange earnings in terms of actual inflows and the foreign exchange outgo in terms of actual outflows.

For and on behalf of the Board,

Sangeeta Prasad
Chairperson
DIN : 02791944

Mumbai, 18th April, 2017

ANNEXURE 2

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**	U70102MH2013PTC241512
2.	**Registration Date**	29/03/2013
3.	**Name of the Company**	Industrial Cluster Private Limited (Formerly known as Mahindra Housing 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**	Mahindra Towers, 5th Floor, Dr G M Bhosale Marg, Worli, Mumbai 400 018 Tel: (022) 67478600/8601
6.	**Whether listed Company (Yes/No)**	No
7.	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	Not Applicable

2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No	Name and Description of Main Product/Services	NIC Code of the Product*	% to total turnover of the Company#
1.	Construction of Buildings	410	Nil
2	Real estate activities with own or leased property	681	Nil
3	Landscape care and maintainance service activities	813	Nil

* As per National Industrial Classification- Ministry of Statistics and Programme Implementation

\# During the year under review, the Company had no turnover.

3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Mahindra Lifespace Developers Limited Address: Mahindra Towers, 5th Floor, Dr G M Bhosale Marg, Worli, Mumbai 400 018	L45200MH1999PLC118949	Holding Company	100%	2(46)
2.	Mahindra and Mahindra Limited Address: Gateway Building, Apollo Bunder, Mumbai - 400 001	L65990MH1945PLC004558	Ultimate Holding	–	2 (46)

4. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding.

Categoryof 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)	–	–	–	–	–	–	–	–	–

Categoryof 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	
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	–
(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 ` 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of ` 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (Non Resident Individuals)	–	–	–	–	–	–	–	–	–
d) Others Trust	–	–	–	–	–	–	–	–	–
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

	Shareholders Name	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1.	Mahindra Lifespace Developers Limited	49,990	99.98	–	49,990	99.98	–	–
2.	Mahindra Lifespace Developers Ltd & Ms. Anita Arjundas	10	0.02	–	10	0.02	–	–

(iii) Change in Promoters' Shareholding (please specify, if there is no change): There is no change in the Shareholding of the Promoter Group.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): Nil

(v) Shareholding of Directors and Key Managerial Personnel: No Directors or Key Managerial Personnel hold any shares in the Company.

5. INDEBTEDNESS

Indebtedness of the Company including outstanding/accrued but not due for payment **(Amount in `)**

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	–	922,000,000	–	922,000,000
• Reduction	–	–	–	–
Net Change	–	922,000,000	–	922,000,000
Indebtedness at the end of the financial year				
i) Principal Amount	–	922,000,000	–	922,000,000
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	922,000,000	–	922,000,000

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					
Punishment			NONE		
Compounding					

B. Directors					
Penalty					
Punishment			NONE		
Compounding					

C. Other Officers In Default					
Penalty					
Punishment			NONE		
Compounding					

For and on behalf of the Board,

Sangeeta Prasad
Chairperson
DIN : 02791944

Mumbai, 18th April, 2017

INDEPENDENT AUDITOR'S REPORT

To The Members of Industrial Cluster Private Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Industrial Cluster 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, 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 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 B K Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Himanshu Chapsey
Partner
Membership No. 105731

Place: Mumbai
Date:18th April 2017

ANNEXURE "A" TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the accounts of Members of Industrial Cluster Private Limited for the year ended March 31, 2017

1) The Company did not have any fixed assets during the year. Hence the provisions of the para 3(i) of the Order are not applicable.

2) Since the Company does not hold any inventory, the provisions of para 3(ii) of the Order are not applicable.

3) The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Act. Hence, the provisions of para 3(iii) of the Order are not applicable.

4) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148(1) of the Act.

7) i) According to the records of the Company, the Company has been regular in depositing with appropriate authorities undisputed statutory dues of tax deducted at source. The Company had no employees during the year and also did not have any operations and hence did not have any Provident Fund, employees state insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, cess and other statutory dues payable by it. According to the information and explanations given to us, no undisputed amounts payable in respect of tax deducted at source were outstanding as on March 31, 2017, for a period of more than 6 months from the date they become payable.

   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). The Company has not obtained any term loans during the year ended March 31, 2017.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) No managerial remuneration has been paid or provided during the year as per the provisions of section 197 read with Schedule V to the Companies Act, 2013.

12) The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.

13) According to the information and explanations given to us, there are no transactions with related parties during the year. Hence, the provisions of para 3(xiii) of the Order are not applicable to the Company.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration No.: 105102W

Himanshu Chapsey
Partner
Membership No.: 105731

Place: Mumbai
Date:18th April 2017

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF INDUSTRIAL CLUSTER PRIVATE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Industrial Cluster Private Limited ("the Company") as of 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.

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:18th April 2017

BALANCE SHEET AS AT 31 MARCH, 2017

	Note No.	**As at 31 March, 2017 `**	As at 31 March, 2016 `	As at 1 April, 2015 `
I ASSETS				
CURRENT ASSETS				
(a) Inventories	5	**866,193,533**	–	–
(b) Financial Assets				
(i) Cash and Cash Equivalents	6	**56,457,192**	366,071	408,128
(c) Other Current Assets	7	**397,948**	–	–
SUB-TOTAL		**923,048,673**	366,071	408,128
TOTAL ASSETS		**923,048,673**	366,071	408,128
II EQUITY AND LIABILITIES				
EQUITY				
(a) Equity Share Capital	8	**500,000**	500,000	500,000
(b) Other Equity	9	**(230,245)**	(165,563)	(119,962)
SUB-TOTAL		**269,755**	334,437	380,038
LIABILITIES				
CURRENT LIABILITIES				
(a) Financial Liabilities				
(i) Borrowings	10	**922,000,000**	–	–
(ii) Trade Payables	11	**524,600**	31,634	28,090
(b) Other Current Liabilities	12	**254,319**	–	–
SUB-TOTAL		**922,778,919**	31,634	28,090
TOTAL		**923,048,673**	366,071	408,128

See accompanying notes forming part of the financial statements

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No.: 105102W

Himanshu Chapsey
Partner
Membership No.: 105731
Place: Mumbai
Date:18th April 2017

For and on behalf of the Board of Directors

Sangeeta Prasad Chairperson (DIN-02791944)

Jayantt Manmadkar Director (DIN-03044559)

Siddharth Bafna Director (DIN-07383837)

Place: Mumbai
Date:18th April 2017

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31 MARCH, 2017

	Particulars	Note No.	For the year ended 31 March, 2017 `	For the year ended 31 March, 2016 `
I	**EXPENSES**			
	(i) Other expenses	13	**64,682**	45,601
	Total Expenses (I)		**64,682**	45,601
II	**Profit/(loss) before tax**		**(64,682)**	(45,601)
III	**Tax expenses**		**–**	–
IV	**Profit/(loss) after tax for the period**		**(64,682)**	(45,601)
V	**Other comprehensive income for the period**		**–**	–
VI	**Total comprehensive income for the period**		**(64,682)**	(45,601)
VII	**Earnings per equity share:**			
	(1) Basic/ Diluted	14	**(1.29)**	(0.91)

See accompanying notes forming part of the financial statements

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No.: 105102W

Himanshu Chapsey
Partner
Membership No.: 105731
Place: Mumbai
Date:18th April 2017

For and on behalf of the Board of Directors

Sangeeta Prasad Chairperson (DIN-02791944)

Jayantt Manmadkar Director (DIN-03044559)

Siddharth Bafna Director (DIN-07383837)

Place: Mumbai
Date:18th April 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2017

Particulars	For the year ended 31 March, 2017 `	For the year ended 31 March, 2016 `
Cash flows from operating activities		
Profit before tax for the year	**(64,682)**	(45,601)
Adjustments for:		
Movements in working capital:		
(Increase)/decrease in inventories	**(866,193,533)**	–
(Increase)/decrease in other assets	**(397,948)**	–
(Decrease)/increase in other liabilities	**747,284**	3,544
Net cash generated by operating activities	**(865,908,879)**	(42,057)
Cash flows from financing activities		
Proceeds from issue of unsecured optionally convertible redeemable debentures	**922,000,000**	–
Net cash used in financing activities	**922,000,000**	–
Net increase in cash and cash equivalents	**56,091,121**	(42,057)
Cash and cash equivalents at the beginning of the year	**366,071**	408,128
Cash and cash equivalents at the end of the year	**56,457,192**	366,071

See accompanying notes forming part of the financial statements

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No.: 105102W

Himanshu Chapsey
Partner
Membership No.: 105731

Place: Mumbai
Date:18th April 2017

For and on behalf of the Board of Directors

Sangeeta Prasad Chairperson (DIN-02791944)

Jayantt Manmadkar Director (DIN-03044559)

Siddharth Bafna Director (DIN-07383837)

Place: Mumbai
Date:18th April 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2017

`

A. Equity share capital

As at 1st April, 2015	500,000
Changes in equity share capital during the year	–
As at 31st March, 2016	500,000
Changes in equity share capital during the year	–
As at 31st March, 2017	500,000

B. Other Equity	**Retained earnings (Amount in `)**
Balance as at 1st April, 2015 (A)	**(119,962)**
Profit/(Loss) for the year (B)	(45,601)
Other comprehensive income (C)	–
Total comprehensive income (D) = [(B)+(C)]	(45,601)
Balance as 31st March, 2016 (E) = [(A)+ (D)]	**(165,563)**
Profit/(Loss) for the year (F)	(64,682)
Other comprehensive income (G)	–
Total comprehensive income (H) = [(F)+(G)]	(64,682)
Balance as at 31st March, 2017 (I) = [(F)+(H)]	**(230,245)**

See accompanying notes forming part of the financial statements

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No.: 105102W

Himanshu Chapsey
Partner
Membership No.: 105731
Place: Mumbai
Date:18th April 2017

For and on behalf of the Board of Directors

Sangeeta Prasad Chairperson (DIN-02791944)

Jayantt Manmadkar Director (DIN-03044559)

Siddharth Bafna Director (DIN-07383837)

Place: Mumbai
Date:18th April 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

1. Corporate Information

Industrial Cluster Private Limited("the Company") is a public company incorporated in India on 29st March, 2013 under the provisions of erstwhile Companies Act, 1956. The registered office of the Company is located at 5th Floor, Mahindra Towers, Dr. G.M.Bhosale Marg, P.K. Kurne Chowk, Worli, Mumbai – 400 018.

The Company is in the business of of establishing, acquiring, developing and maintaining Industrial Parks, Technology Parks, Bio-tech Parks, Software Parks, Special Economic zones,Export Processing Zones, Industrial Areas, Industrial estates, Integrated Townships, Residential and/or Commercial Complexes, Housing Facility in India and outside India.

The Company is subsidiary of Mahindra Lifespace Developers Limited, Mumbai, a company incorporated in India. The ultimate parent company is Mahindra & Mahindra Limited.

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 31st 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 31st March, 2017 are the Company's first Ind AS financial statements. The date of transition to Ind AS is 1st April, 2015. Refer to Note No. 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 (Rs.) which is also the Company's functional currency.

The financial statements were approved by the Board of Directors and authorised for issue on 18th April, 2017.

2.2 Inventories

Inventories are stated at the lower of cost and net realisable value, whichever is lower. Cost is arrived at on first-in-first-out basis and includes overheads on absorption basis, where appropriate.

Financial assets and Liabilities

2.3 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 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.

2.4 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

2.4.1 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 allowances at an amount equal to lifetime expected credit losses.

2.4.2 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.

2.5 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.

2.5.1 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 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 the statement of profit and loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.5.1.1 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at Fair value through profit and loss.

2.5.1.2 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 the 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 the statement of profit and loss.

2.6 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.6.1 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.

2.6.2 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

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.

2.6.4 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.

2.7 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.

2.8 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/ (loss) for the year is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

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.

4. First-time adoption – mandatory exceptions and optional exemptions

Mandatory exceptions:

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.

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).

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.

Optional exemptions:

Deemed cost for property, plant and equipment

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 has been retrospectively remeasured in accordance with Ind AS.

Deemed cost for Investments in subsidiary, joint ventures and associates

The company has elected the exemption of previous GAAP carrying amount of its investments in subsidiary, joint ventures and associates as of 1st April, 2015 (transition date) considering as deemed cost.

5. Inventories

Particulars	**As at 31st March, 2017** `	As at 31st March, 2016 `	As at 1st April, 2015 `
Work-in-progress	**866,193,533**	**–**	–
Total Inventories (at lower of cost and net realisable value)	**866,193,533**	**–**	–

6 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	**56,457,192**	366,071	408,128
Total Cash and cash equivalent	**56,457,192**	366,071	408,128

Reconcliation 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	**56,457,192**	366,071	408,128
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	**56,457,192**	366,071	408,128

7. Other assets

Particulars	**As at 31st March, 2017**	As at 31st March, 2016	As at 1st April, 2015
	`	`	`
	Current	Current	Current
(a) Advances other than capital advances			
(i) Balances with government authorities (other than income taxes)	**397,948**	–	–
	397,948	–	–

8. 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	`
Authorised:						
Equity shares of `10 each with voting rights	**100,000**	**1,000,000**	100,000	1,000,000	100,000	1,000,000
Equity shares of `10 each with differential voting rights	–	–	–	–	–	–
Preference shares of `10 each	–	–	–	–	–	–
Issued, Subscribed and Fully Paid:						
Equity shares of `10 each with voting rights	**50,000**	**500,000**	50,000	500,000	50,000	500,000
Equity shares of `10 each with differential voting rights	–	–	–	–	–	–
Preference shares of `10 each	–	–	–	–	–	–
Issued, Subscribed and Partly Paid:						
Equity shares of `10 each with voting rights	**50,000**	**500,000**	50,000	500,000	50,000	500,000
Equity shares of `10 each with differential voting rights	–	–	–	–	–	–
Preference shares of `1 each	–	–	–	–	–	–
Total	**50,000**	**500,000**	50,000	500,000	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**	Other Changes	Closing Balance
(a) Equity Shares with Voting rights*			
Year Ended 31st March 2017			
No. of Shares	50,000	–	50,000
Amount	500,000	–	500,000
Year Ended 31st March 2016			
No. of Shares	50,000	–	50,000
Amount	500,000	–	500,000
Year Ended 1st April 2015			
No. of Shares	50,000	–	50,000
Amount	500,000	–	500,000

(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)

	No. of Shares
Particulars	**Equity Shares with Voting rights**
As at 31st March 2017	
Mahindra Lifespace Developers Ltd.	**50,000**
As at 31st March 2016	
Mahindra Lifespace Developers Ltd.	**50,000**
As at 1st April 2015	
Mahindra Lifespace Developers Ltd.	**50,000**

(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		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 Lifespace Developers Ltd.	**50,000**	**100.00%**	50,000	100.00%	50,000	100.00%

9. Other equity

Particulars	Retained earnings `	Total `
Balance as at 31 March, 2016	(165,563)	(165,563)
Profit/(Loss) for the year	(64,682)	(64,682)
Other comprehensive income	–	–
Total comprehensive income	(64,682)	(64,682)
Balance at 31 March, 2017	**(230,245)**	**(230,245)**
Balance as at 1 April, 2015	(119,962)	(119,962)
Profit/(Loss) for the year	(45,601)	(45,601)
Other comprehensive income	–	–
Total Comprehensive income	(45,601)	(45,601)
Balance as at 31 March, 2016	(165,563)	(165,563)

10. Current Borrowings

Particulars	**As at 31 March, 2017 `**	As at 31 March, 2016 `	As at 1 April,2015 `
A. Unsecured Borrowings			
(a) Deposits	**922,000,000**	**–**	–
Total Unsecured Borrowings	**922,000,000**	–	–
Total Current Borrowings	**922,000,000**	–	–

11. Trade Payables

`

Particulars	**As at 31st March, 2017**	As at 31st March, 2016	As at 1st April, 2015
	Current	Current	Current
Trade payable - Micro and small enterprises	–	–	–
Trade payable - Other than micro ans small enterprises	**524,600**	31,634	28,090
Total trade payables	**524,600**	31,634	28,090

Note:

(i) No Companies have been identified under the Micro, Small and Medium Enterprises Development Act, 2006 and hence the disclosure as required by Notification No. G.S.R. 719 (E), dated 16 November, 2007 issued by the Ministry of Corporate Affairs is not applicable.

12. Other Liabilities

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Particulars	**As at 31st March, 2017**	As at 31st March, 2016	As at 1st April, 2015
	Current	Current	Current
a. Statutory dues			
- taxes payable (other than income taxes)	**252,290**	–	–
b. Interest payable	**2,029**	–	–
TOTAL OTHER LIABILITIES	**254,319**	–	–

13. Other Expenses

Particulars	**As at 31st March, 2017 `**	As at 31st March, 2016 `
(a) Payments to auditors (including service tax):		
(i) For audit	**28,750**	28,625
(b) Other expenses		
(i) Professional charges	**19,149**	13,741
(ii) Miscellaneous expenses	**16,783**	3,235
Total Other Expenses	**64,682**	45,601

14. Earnings per Share

Note Particulars	**For the year ended 31st March, 2017 Per Share**	For the year ended 31st March, 2016 Per Share
Basic Earnings per share		
From continuing operations	**(1.29)**	(0.91)
From discontinuing operations	**–**	–
Total basic earnings per share	**(1.29)**	(0.91)
Diluted Earnings per share		
From continuing operations	**(1.29)**	(0.91)
From discontinuing operations		
Total diluted earnings per share	**(1.29)**	(0.91)

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 31st March, 2017	For the year ended 31st March, 2016
Profit/(loss) for the year attributable to owners of the Company	**(64,682)**	(45,601)
Less: Preference dividend and tax thereon		
Profit/(loss) for the year used in the calculation of basic earnings per share	**(64,682)**	(45,601)
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	**(64,682)**	(45,601)
Weighted average number of equity shares	**50,000**	50,000
Earnings per share from continuing operations - Basic	**(1.29)**	(0.91)

15. Related Party Transactions

Related party disclosures as required by Ind As 24 “Related Party Disclosures” are given below.

Enterprises Controlling the Company

1	Mahindra & Mahindra Limited	**Ultimate Holding Company**
2	Mahindra Lifespace Developers Limited	**Holding Company**

Particulars	For the year ended	Ultimate Holding Company	Holding Company
Nature of transactions with Related Parties			
Deposit received	31-Mar-17	–	922,000,000
	31-Mar-16	–	–
Interest on ICD	31-Mar-17	–	2,029
	31-Mar-16	–	–
Payment made on behalf of related party	31-Mar-17	–	407,245
	31-Mar-16	–	–

Nature of Balances with Related Parties	Balances as on	Ultimate Holding Company	Holding Company
Payables	31-Mar-17	–	922,409,274
	31-Mar-16	–	–
	1-Apr-15	–	–

Notes:

1. During the year, there were no amounts required to be written off or written back in respect of debts due from or to related parties.
2. Related parties have been identified by the Management.

16. Financial Instruments

Capital management

The Company's capital management objectives are:

– safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders

– maintain an optimal capital structure to reduce the cost of capital

The Management of the Company monitors the capital structure using debt ratio which is determined as the proportion of total debt to total equity.

Debt ratios are as follows:	**As at 31st March, 2017**	As at 31st March, 2016	As at 1st April, 2015
Debt (A)	**922,000,000**	–	–
Equity (B)	**269,755**	334,437	380,038
Debt Ratio (A / B)	**3,417.92**	–	–

Categories of financial assets and financial liabilities

	As at 31st March 2017			
	Amortised Costs	**FVTPL**	**FVOCI**	**Total**
Current Assets				
Other Bank Balances	**56,457,192**			**56,457,192**
Current Liabilities				
Borrowings	**920,000,000**			**920,000,000**
Trade Payables	**2,526,629**			**2,526,629**

	As at 31st March, 2016			
	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Other Bank Balances	366,071			366,071
Current Liabilities				
Trade Payables	31,634			31,634

	As at 1st April, 2015			
	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Other Bank Balances	408,128			408,128
Current Liabilities				
Trade Payables	28,090			28,090

[II] 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 not exposed to credit risk.

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 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
Non-derivative financial liabilities			
31-Mar-17			
Non-interest bearing			
Trade Payable	524,600	–	–
Long Term Borrowing			
Long Term Borrowing - Principal	–	–	922,000,000
31-Mar-16			
Non-interest bearing			
Trade Payable	31,634	–	–
1-Apr-15			
Non-interest bearing			
Trade Payable	28,090	–	–

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. 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 only in Indian Rupees and hence, there is no risk of foreign exchnage fluctuations.

(ii) 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 does not have exposure to the risk of changes in market interest rates.

(iii) Other price risk

The Company does not have other price risk.

17. 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.

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						
– cash & cash equivalents	56,457,192	–	366,071	–	408,128	–
	56,457,192	**–**	**366,071**	**–**	**408,128**	**–**
Financial liabilities						
Financial liabilities held at amortised cost						
– loans from related parties	922,000,000					
– trade and other payables	524,600	–	31,634	–	28,090	–
Total	**922,524,600**	**–**	**31,634**	**–**	**28,090**	**–**

Fair value hierarchy as at 31st March, 2017

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
– cash & cash equivalents		**56,457,192**		**56,457,192**
Total		***56,457,192***		***56,457,192***
Financial liabilities				
Financial Instruments not carried at Fair Value				
– loans from related parties		**922,000,000**		**922,000,000**
– trade and other payables		**524,600**		**524,600**
Total		**922,524,600**		**922,524,600**

Fair value hierarchy as at 31st March, 2016

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– cash & cash equivalents		366,071		366,071
Total		366,071		366,071
Financial liabilities				
Financial Instruments not carried at Fair Value				
– trade and other payables		31,634		31,634
Total		31,634		31,634

Fair value hierarchy as at 31st March, 2015

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– cash & cash equivalents		408,128		408,128
Total		408,128		408,128
Financial liabilities				
Financial Instruments not carried at Fair Value				
– trade and other payables		28,090		28,090
Total		28,090		28,090

Note: The Group has not disclosed the fair value for financial instruments, because the carrying amounts are a reasonable approximation of fair value.

18. 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	334,437	380,038
Ind AS: Adjustments increase (decrease):	–	–
Equity as reported under IND AS	334,437	380,038

(ii) Reconciliation of Total Comprehensive Income for the year ended 31st March 2016:

Particulars	**Notes**	Year Ended 31st March, 2016
Profit or Loss as per previous GAAP		(45,601)
Ind AS: Adjustments increase (decrease):		–
Recognition of development costs less amortization		–

Particulars	**Notes**	Year Ended 31st March, 2016
Loans measured at amortised cost instead of nominal value		–
Fair value adjustment on warrants		–
Production overheads in cost of inventories		–
Employee future benefits – actuarial gains and losses (Net of Tax)		–
Goodwill no longer amortised as from the date of transition		–
Restructuring provision not recognised as a liability		–
Total adjustment to profit or loss		–
Profit or Loss under Ind AS		(45,601)
Other comprehensive income		–
Total comprehensive income under Ind ASs		–

Note: No statement of comprehensive income was produced under previous GAAP. Therefore the reconciliation starts with profit under previous GAAP.

19. **Details of Specified Bank Notes (SBN) held and transacted during the period from 8 November, 2016 to 30 December, 2016 :**

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Particulars	**SBNs**	**Other denomination notes**	**Total**
Closing cash in hand as on 8 November, 2016	–	–	–
(+) Permitted receipts	–	–	–
(-) Permitted payments	–	–	–
(-) Amount deposited in Banks	–	–	–
Closing cash in hand as on 30 December, 2016	–	–	–

20. The accounts of the Company for the year ended 31 March, 2017 have been prepared on the basis of going concern.

21. Previous year’s figures have been regrouped/reclassified wherever necessary to corrospoandant with the Current Year’s classification/ disclosure.

See accompanying notes forming part of the financial statements

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No.: 105102W

Himanshu Chapsey
Partner
Membership No.: 105731
Place: Mumbai
Date:18th April 2017

For and on behalf of the Board of Directors

Sangeeta Prasad Chairperson (DIN-02791944)

Jayantt Manmadkar Director (DIN-03044559)

Siddharth Bafna Director (DIN-07383837)

Place: Mumbai
Date:18th April 2017

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their Twenty First report together with the audited financial statement of your Company for the financial year ended 31st March, 2017.

Financial Highlights

(` in lakh)

Particulars	**For the year ended 31st March, 2017**	For the year ended 31st March, 2016
Total Income	**6,558.04**	5,828.52
Profit/(Loss) Before Depreciation, Finance Costs and Taxation	**2,325.87**	1,608.04
Less: Depreciation	**17.39**	15.14
Profit/(Loss) Before Finance Cost and Taxation	**2,308.48**	1,592.90
Less: Finance Cost	**787.10**	910.02
Profit/(Loss) Before Taxation	**1,521.38**	682.88
Less: Provision for Taxation	**151.12**	144.07
Profit/(Loss) for the year after Taxation	**1,370.26**	538.81
Add: Balance of Profit/(Loss) for earlier years	**2,404.52**	2,355.29
Less: Debenture Redemption Reserve	**489.58**	489.58
Amount available for appropriation	**3,285.20**	2,404.52
Balance carried forward	**3,285.20**	2,404.52
Proposed Final Dividend on Equity Shares (including tax on distributed profits)	**607.02**	–

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

For the Financial Year 2016-17, your Directors have recommended a dividend of ` 1 per equity share of the face value of ` 10 each of the Company, i.e. 10 per cent, payable to those shareholders whose names appear in the Register of Member as on the Record Date.

The equity dividend outgo (including tax on distributed profits) for the Financial Year 2016-17 aggregates ` 607.02 lakh. The Dividend shall be paid out of the profits of the financial year 2016-17.

Reserves

The Company has transferred ` 489.58 lakh to Debenture Redemption Reserve account and the Profit for the year ` 880.68 lakh(net of transfer to Reserves during the year) has been carried forward to P & L account.

Operations

The Company is engaged as a co-developer in developing a residential township at Mahindra World City, Chennai (MWC). Its current developments include 'Iris Court' and 'Nova'. Additionally, the Company is in the process of obtaining aprovals for its next project at MWC comprising around 1.08 million square feet of estimated saleable area. After excluding the area under the above projects, the Company still has approximately 120 acres to be developed in phases for offering products in different formats and segments in the Mahindra World City, Chennai.

'Iris Court' is spread over 18 acres with an estimated total saleable area of 0.86 million square feet, 99 percent of which has been sold upto March, 2017. The entire project has been completed and handed over to the Society.

'Nova', spread over 7 acres with an estimated saleable area of 0.54 million square feet was launched in the year 2013-14. The Company completed the project in March 2017. 83 percent of the launched area has been sold as of March, 2017.

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

Authorised share capital of your company is ` 6,000 lakh and Paid-up share capital of the Company is ` 5,043.5 lakh.

During the year, the Company has neither issued any shares (including equity shares with differential rights or any sweat equity share) nor granted employee stock options.

Non-Convertible Debentures

On 31st August, 2015, the Company had issued and allotted 750 – Secured Unlisted Rated Redeemable 9.6 per cent YTM, Non-Convertible Debentures (NCDs) with a face value of ` 10 lakh (Rupees Ten lakh only) each for cash at par, aggregating ` 7,500 lakh (Rupees Seven Thousand Five Hundred Lakh) vide Series I, Series II, and Series III on Private Placement basis. The proceeds of the NCDs issue have been fully utilised for the purposes of the issue.

Networth

The networth of the Company at the close of the previous financial year (FY 2015-16) and at the close of the current financial year (FY 2016-17) was ` 7,937.60 lakh and ` 9,307.86 lakh respectively.

Holding Company

Your Company is a subsidiary company of Mahindra Lifespace Developers Limited and consequently a subsidiary company of the ultimate holding company Mahindra & Mahindra Limited.

Subsidiary Company, Joint Venture and Associate

Mahindra Residential Developers Limited (MRDL) continues to be a subsidiary of your Company and consequently a subsidiary company of, Mahindra Lifespace Developers Limited and of the ultimate holding company Mahindra & Mahindra Limited. During the year, no company has become/ ceased to be subsidiary/associate or joint venture company of your Company.

MRDL project 'Aqualily' is a premium project within Mahindra World City, Chennai. Spread across 55 acres of land, the project offers villas and apartments with an estimated saleable area of 1.57 million square feet of which 1.51 million square feet has been launched. The Company has completed the construction of Villas and 3 Phases of apartments taking the total completed area under the project to 1.23 million square feet.

A new phase consisting of 196 units of 1BHK and Flexi apartments (2E) was launched during FY 2016-17. 78 percent of the total launched area in Aqualily has been sold as of 31st March 2017.

Consolidated Financial Statements

During the year, the Board of Directors reviewed the affairs of Mahindra Residential Developers Limited, subsidiary of your company. The Company availed the exemption to consolidate the accounts of the Company vide notification issued by the Ministry of Corporate Affairs dated 27th July, 2016.

A report highlighting performance of each of the subsidiaries, associates and joint venture companies as per the Companies Act, 2013, and their contribution to the overall performance of the Company is provided in Annexure A to the Financial Statement.

Board of Directors

As at 31st March, 2017, the Board of Directors comprise of following:

Name of Director	DIN	Designation
Ms. Anita Arjundas	00243215	Chairperson, Non-Executive Non-Independent Director
Mr. R. Santhanam	00237740	Independent Director
Mr. M S Jagan	02002827	Independent Director
Ms. Sangeeta Prasad	02791944	Non-Executive Non-Independent Director

Pursuant to Section 152 of the Companies Act, 2013, Ms. Sangeeta Prasad (DIN: 02791944) a Non-executive and Non-independent Director retires by rotation at the ensuing Annual General Meeting of the Company and has offered herself for re-appointment.

All the above Directors are not disqualified from being appointed/re-appointed as Director by virtue of the provisions of Section 164 of the Companies Act, 2013.

Pursuant to section 149(7) of the Act, declaration from all the Independent Directors is received affirming their independence in accordance with the section 149(6) of the Act.

Key Managerial Personnel

As at 31st March, 2017, the Key Managerial Personnel of the Company comprise of following:

Sr. No	Key Managerial Personnel	Designation
1.	Mr. Jayantt Manmadkar	Manager
2.	Mr. Ankit Shah	Company Secretary

During the year, Mr. Tulluri Sivaranjan Kumar resigned from the position of Chief Financial Officer of the Company with effect from 5th November 2016. The Board places on record its sincere appreciation of his association with the Company. Mr. Chaitanya Cherukuri was appointed as a Chief Financial officer of the Company with effect from 15th April 2017.

Committees of the Board

Audit Committee

The Audit Committee comprises of two independent Directors, namely Mr. M. S. Jagan, Mr. R. Santhanam and one Non-Executive Non-Independent Director, Ms. Anita Arjundas. Mr. M. S. Jagan is the Chairman of the Committee. All members of the Audit Committee possess strong knowledge of accounting and financial management. The Chairman and Statutory Auditors are regularly invited to attend the Audit Committee Meetings. The Board has accepted all recommendations of the Audit Committee made from time to time.

Corporate Social Responsibility (CSR) Committee

As of 31st March 2017, the Corporate Social Responsibility Committee comprise of one Independent Director, Mr. M.S. Jagan and two Non-Executive Non-Independent Directors, Ms. Anita Arjundas and Ms. Sangeeta Prasad. Ms. Anita Arjundas is the Chairperson of the Committee. During the year, the CSR Committee was reconstituted by appointing Ms. Sangeeta Prasad in place of Mr. S. Chandru who retired as Director with effect from 15th July 2016.

During the year, your company contributed ` 28.86 lakh towards Corporate Social Responsibility. The annual report on the CSR activities providing brief details on CSR policy and CSR initiatives undertaken by the Company during the year is attached herewith at **Annexure 1** to this Report.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprise of two independent directors, namely Mr. R. Santhanam, Mr. M. S. Jagan and two non-executive non-independent directors, Ms. Anita Arjundas and Ms. Sangeeta Prasad. Mr. R. Santhanam is the Chairman of the Committee.

The following policies of the Company on appointment of Directors and Senior Management and remuneration of Directors and Key Managerial Personnel and Employees, as required under 178(3) of the Companies Act, 2013 is attached herewith and marked as **Annexure 2**, **Annexure 3 and Annexure 4**, respectively to this report:

1. Policy on appointment of Directors and Senior Management (**Annexure 2**)
2. Policy on remuneration of Directors (**Annexure 3**)
3. Policy on remuneration of Key Managerial Personnel and Employees (**Annexure 4**)

Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013, evaluation of every Director's performance was done by Nomination and Remuneration Committee. The performance evaluation of Non-Independent Directors and the Board as a whole, Committees thereof, and Chairperson of the Company was carried out by Independent Directors. Evaluation of Independent Directors was carried out by the entire Board of Directors, excluding the Director being evaluated. Structured questionnaires, covering various aspects of the evaluation such as adequacy of the size and composition of the Board with regard to skill, experience, independence, diversity, attendance and adequacy of time given by the Directors to discharge their duties; corporate governance practices, etc. were circulated to the Directors for the evaluation process. The Directors expressed their satisfaction with the evaluation process.

Meeting of Independent Directors

The Independent Directors of the Company met once without the presence of the Non-Independent Directors or any other Management Personnel. The Meeting was conducted to enable the Independent Directors to discuss matters pertaining to, inter alia, review of performance of Non-Independent Directors and the Board as a whole, assess the quality, quantity and timelines of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Meetings

During the year four (4) meetings of the Board of Directors were convened and held on following dates:

13th April, 2016, 15th July, 2016, 14th October, 2016 and 19th January, 2017.

During the year, four (4) meetings of Audit Committee were convened and held on the following dates:

13th April, 2016, 15th July, 2016, 14th October, 2016 and 19th January, 2017.

During the year one (1) meeting of Nomination & Remuneration Committee (NRC) were convened and held on 13th April, 2016.

During the year four (4) Corporate Social Responsibility (CSR) Committee meetings were convened and held on the following dates:

13th April, 2016, 15th July, 2016, 14th October, 2016 and 19th January, 2017.

The details of the number of meetings of the Board and the Committees thereof attended by the respective members of the Board/Committees are given below:

Sr. no.	Name of the Director	Board meetings attended	Audit Committee meetings attended	NRC meetings attended	CSR Committee meetings attended
1.	Ms. Anita Arjundas	4	4	1	4
2.	Ms. Sangeeta Prasad	2	–	N.A	2
3.	Mr. R. Santhanam	4	4	1	N.A
4.	Mr. M. S. Jagan	4	4	1	4

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 and Independent Directors 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 have been followed and there are no material departures during the year;

(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 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 statement. The Audit Committee of the Board reviews the internal control systems with the auditors.

Vigil mechanism/Whistle Blower Mechanism

The Company has established a vigil mechanism by adopting a Whistle Blower Policy for Directors and employees to report genuine concerns in the prescribed manner. The vigil mechanism is overseen by the Audit Committee and provides adequate safeguards against victimisation of employees and Directors. Whistle Blower Policy is a mechanism to address any complaint(s) related to fraudulent transactions or reporting intentional non-compliance with the Company's policies and procedures and any other questionable accounting/operational process followed. It provides a mechanism for employees to approach the Chairman of Audit Committee or Chairman of the Company. During the year, no such incidence was reported and no personnel were denied access to the Chairman of the Audit Committee or Chairperson of the Company. The Whistle Blower Policy of the Company is attached herewith as **Annexure 5.**

Risk Management

The Company already has in place the procedure to inform the Board about the risk assessment and minimisation procedures. Your Company has appropriate risk management systems in place for identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring and reporting. The Board reviews implementation and monitoring of the risk management plan for the Company including identification therein of elements of risks, if any, which in the opinion of the Board may threaten the existence of the Company.

Auditors

The Shareholders of the Company at the 20th Annual General Meeting of the Company held on 15th July, 2016, had appointed M/s. A.F. Ferguson & Co., Chartered Accountants (Registration Number- 112066W), as Statutory Auditors of the Company to hold office from the conclusion of the 20th Annual General Meeting until the conclusion of the 21st Annual General Meeting to conduct the audit of the Accounts of the Company.

Under Section 139(2) of the Companies Act, 2013 and Rules framed thereunder, it is mandatory to rotate the Statutory Auditors on completion of term including the transition period permitted under the said Section.

Pursuant to Section 139(2) of the Companies Act, 2013 read with Rules framed thereunder, M/s. A.F. Ferguson & Co., Chartered Accountants have completed a mandatory term stipulated under the Companies Act, 2013.

In terms of said section, M/s. A.F. Ferguson & Co. will be holding the office of Statutory Auditors up to the conclusion of the forthcoming 21st Annual General Meeting.

Accordingly, the Board of Directors, based on the recommendation of Audit Committee and subject to approval of the Shareholders at the ensuing 21st Annual General Meeting, has proposed to appoint M/s. B. K. Khare & Co., Chartered Accountants (Registration Number- 105102W) as Statutory Auditors of the Company for a term of 5 consecutive years from the conclusion of the 21st Annual General Meeting till the conclusion of the 26th Annual General Meeting to be held in the calendar year 2022 (subject to ratification of their appointment at every AGM), to conduct the audit of the Accounts of the Company, at such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors.

The Company has also received a written consent and a certificate from M/s. B. K. Khare & Co., Chartered Accountants, to the effect that their appointment if made, would be in accordance with the provision of Section 139 and that they satisfy the criteria provided in Section 141 of the Companies Act, 2013 read with Rules framed thereunder.

The Board places on record its appreciation for the services rendered by M/s. A.F. Ferguson & Co., Chartered Accountants, during their tenure as the Statutory Auditors of the Company.

The notes of the financial statements referred to in the Auditors' Report issued by M/s. A.F. Ferguson & Co. for the financial year ended on 31st March, 2017 are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

The requirements of having cost auditor are presently not applicable to your Company.

Secretarial Auditor

The Board has appointed M/s M.K. Surana & Co, practising Company Secretary, to conduct the secretarial audit for the financial year 2016-17. The Secretarial Audit report for the financial year ended March 31, 2017 is annexed herewith and marked as **Annexure 6** to this Report.

The Secretarial audit report does not contain any qualification, reservation or adverse remark and therefore does not call for any further comments.

Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013

As your Company is engaged in the business of 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 particulars of loans, advances and investment are provided in the financial statement at note no. 5 and 6.

Contracts and Arrangements with Related Parties

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract/arrangement with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 which could be considered material. Accordingly, the disclosure of related party transaction to be provided under section 134(3)(h) of the Companies Act, 2013, in form AOC-2 is not applicable to the Company.

Deposits, Loans and Advances

During the year, 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 Lifespace Developers Limited.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as per Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 during the year are given in the prescribed format in the **Annexure 7** to this report.

Employee Remuneration

Being an unlisted company, the details of employee remuneration as required under Section 197 (12) of the Companies Act, 2013 read with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your company.

Extract of Annual Return

The details forming part of the extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 is included in this Report as **Annexure 8** and forms part of this Report.

General

- During the year ended March 31, 2017 , 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.

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, should 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 would like to thank all shareholders, customers, bankers, contractors and suppliers of your Company for the support received from them during the year.

For and on behalf of the Board,

Anita Arjundas
Chairperson
DIN: 00243215

Chennai, 15th April, 2017

ANNEXURE 1

THE ANNUAL REPORT ON CSR ACTIVITIES

1. **A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs**

   The Company has the mission of: 'Transforming Urban landscapes by creating sustainable communities'. The path towards transformation calls for building on our strengths to embrace and drive change. In addition to the past investments in CSR initiatives which are mostly in the areas of education, public health and environment, which also include sustainability initiatives to reduce energy and resource use. This is reflected in Mahindra Group's 'Core Purpose' to "challenge conventional thinking and innovatively use all our resources to drive positive change in the lives of our stakeholders and communities across the world, to enable them to Rise". We undertake to endeavour for inclusive development at all our project locations to help the communities that live around these projects prosper in all walks of life.

2. **The composition of the CSR Committee**

   The CSR Committee of the Company comprise of Ms. Anita Arjundas (Chairperson of the Committee), Mr. M. S. Jagan, Independent Director and Ms. Sangeeta Prasad, Non-Executive Non-Indpendent Director of the Company.

3. **Average net profit of the company for last three financial years.**

   The average net profit of the Company for the last three financials years- ` 1443 lakh

4. **Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)**

   Prescribed CSR Spend (2% of above amount) - ` 28.86 lakh

5. **Details of CSR spent during the financial year:**

   a. Total amount to be spent for the financial year: ` 28.86 lakh

   b. Amount unspent, if any: Nil

   c. Manner in which the amount spent during the financial year is detailed below,

(` in lakh)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. no.	CSR project of activity identified	Sector in which the project is covered	Projects (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects: (1) Direct expenditure on projects or programs (2) Overhead	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1.	Nanhi Kali	Education	Chakan, Maharasthra	14.41	Direct expenditure - 14.41	14.41	Implementation Agency: K. C. Mahindra Education Trust
2.	Support Schools	Education	Kancheepuram, Tamil Nadu	3.39	Direct expenditure - 3.39	3.39	World Vision
3.	Support PHC & Water	Health	Kancheepuram, Tamil Nadu	3.00	Direct expenditure - 3.00	3.00	World Vision
4.	Public Park	Environment	Kancheepuram, Tamil Nadu	3.07	Direct expenditure - 3.07	3.07	World Vision
5.	Tree Plantation	Environment	Kancheepuram, Tamil Nadu	1.00	Direct expenditure - 1.00	1.00	World Vision
6.	Swachh Bharat Initiative	Environmen	Kancheepuram, Tamil Nadu	2.99	Direct expenditure - 2.99	2.99	World Vision
7.	Self Help Group	Others	Kancheepuram, Tamil Nadu	1.00	Direct expenditure - 1.00	1.00	World Vision

6. **In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.**

   The Company has spent all the amounts reserved for CSR activities i.e. 2% of average net profit for the last three financial years.

7. **A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy is in compliance with CSR objectives and Policy of the Company.**

   The implementation and monitoring of CSR policy is in compliance with CSR objectives and Policy of the Company.

Anita Arjundas	**Sangeeta Prasad**
(Chairperson of Board and CSR Committee)	(Member of CSR Committee)
Chennai, 15th April, 2017	Chennai, 15th April, 2017

ANNEXURE 2

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT

i. DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

"Board" means Board of Directors of the Company.

"Company" means Mahindra Integrated Township Limited.

"Committee(s)" means Committees of the Board for the time being in force.

"Employee" means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

"HR' means the Human Resource department of the Company.

"Key Managerial Personnel" (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

(i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)

(ii) Chief Financial Officer (CFO); and

(iii) Company Secretary (CS).

"Nomination and Remuneration Committee" (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

"Senior Management" means personnel of the Company who are/will be members of its Core Management Team/ Executive Council excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

II. APPOINTMENT OF DIRECTORS

1. The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and also independence of director when ID is to be appointed:

   a. All Board appointments will be based on merit, in the context of the skills, experience, diversity, and knowledge, for the Board as a whole to be effective.

   b. Ability of the candidates to devote sufficient time and attention to his/her professional obligations as Director for informed and balanced decision making.

   c. Adherence to the applicable Code of Conduct and highest level of Corporate Governance in letter and in sprit by the Directors.

2. Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman or Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act, 2013 and Rules made thereunder.

III. REMOVAL OF DIRECTORS

1. If a Director is attracted with any disqualification as mentioned in any of the applicable Act, Rules and Regulations thereunder or due to non - adherence to the applicable policies of the Company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

IV. SENIOR MANAGEMENT PERSONNEL

1. The NRC shall identify persons based on merit, experience and knowledge who may be appointed in senior management team.

2. Senior Management personnel are appointed or promoted and removed/relieved with the authority of Managing Director & CEO based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

Anita Arjundas
Chairperson
DIN : 00243215

Chennai, 15th April, 2017

ANNEXURE 3

POLICY ON REMUNERATION OF THE DIRECTORS

I. Purpose

This Policy sets out the approach to Compensation of Directors in Mahindra Integrated Township Limited.

II. Policy Statement

We have a well-defined Compensation policy for Directors including the Chairman of the Company. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

III. Non-executive including independent directors:

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as Director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

IV. Executive Directors:

The remuneration to Executive Director(s) shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually/half yearly by the NRC based on their performance.

The remuneration involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

The Company may also grant Stock Options to the Directors (other than Independent Directors and Promoter) in accordance with the ESOP Scheme of the Company, if any, and subject to the compliance of the applicable statutes and regulations.

Anita Arjundas
Chairperson
DIN : 00243215

Chennai, 15th April, 2017

ANNEXURE 4

POLICY ON REMUNERATION OF KEY MANAGERIAL PERSONNEL AND EMPLOYEES

This Policy is effective from the financial year 2014-15.

Objective

To establish guidelines for remunerating employees fairly and in keeping with Statutes.

Standards

- All employees, irrespective of contract, are to be remunerated fairly and the remuneration is to be externally competitive and internally equitable. The remuneration will be paid in accordance with the laid down Statutes.
- Remuneration for on-roll employees will include a fixed or guaranteed component payable monthly; and a variable component which is based on performance and paid annually in the month of July following the fiscal.
- The fixed component of remuneration will have a flexible component with a bouquet of allowances to enable an employee to choose the allowances as well as the quantum based on laid down limits as per Company policy. The flexible component can be varied only once annually in the month of July i.e. after the salary increment exercise.
- The variable component of the remuneration will be a function of the employee's grade.
- The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRA). Both the BSC and KRAs are evaluated at the end of the fiscal to arrive at the BSC rating of the business and PPS rating of the individual.
- An annual compensation survey is carried out to ensure that the Company's compensation is externally competitive. Based on the findings of the survey and the business performance, the Sector Talent Council decides:
  a. The increment that needs to be paid for different performance ratings as well as grades.
  b. The increment for promotions and the total maximum increment.
  c. The maximum increase in compensation cost in % and absolute.
- Compensation corrections are made in a few cases where it is outside the band or to keep it tune with the market.

For and on behalf of the Board,

Anita Arjundas
Chairperson
DIN : 00243215

Chennai, 15th April, 2017

ANNEXURE 5

WHISTLE BLOWER POLICY

1. The Whistle Blower Policy is effective from 1st April 2014.

2. Preface

Mahindra Integrated Township Limited (MITL) ("the Company") is committed to conducting its business in accordance with applicable laws, rules and regulations and the highest standards of business ethics, honesty, integrity and ethical conduct. Towards this end, the Company has adopted three separate Codes of Conduct viz. for Directors, for Independent Directors and for Senior Management and Employees (collectively referred to as "Codes" or "the Codes") and various Policies under the helm of Corporate Governance which inter alia include Policy on Disaster Management, Environment & Pollution, Human Resources, Insider Trading, Investor Relations, etc. (collectively referred to as "Policies") which lays down the principles and standards that should govern the actions of the Company and its Employees. Any actual or potential violation of the Code/Policies, howsoever insignificant or perceived as such, would be a matter of serious concern for the Company. The role of the Employees/Directors in pointing out such violations of the Code/Policies cannot be undermined.

Further, as per the provisions of sub-section 9 of section 177 of Companies Act. 2013 ("the Act" or "Act"), the company has been mandated to establish a vigil mechanism for directors and employees of the company to report to the Management, instances of unethical behaviour, actual or suspected, fraud or violation of the Company's Code or Policies.

Accordingly, this Whistle Blower Policy ("the Policy" or "this Policy") has been formulated with a view to provide a mechanism for Directors and Employees of the Company to approach the Audit Committee.

3. Definitions

The definitions of the key terms used in this Policy are given below. [Terms not defined herein below shall have the meaning assigned to them under the Codes/Policies/ Act.]

a. "Audit Committee" means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013.

b. "Codes" mean three separate Codes of Conduct viz. for Directors, for Independent Directors and for Senior Management and Employees.

c. "Director" means a director as defined under Section 2 (34) of the Companies Act, 2013.

d. "Employee" means every employee of the Company (whether working in India or abroad), including the Directors in the whole time employment of the Company.

e. "Investigators" means those persons authorised, appointed, consulted or approached by the Audit Committee and the Police.

f. "Protected Disclosure" means any communication made in good faith that discloses or demonstrates information that may evidence illegal or unethical behaviour, actual or suspected fraud or violation of the Company's Codes or Policies or any improper activity.

g. "Subject" means a person against or in relation to whom a Protected Disclosure has been made or evidence gathered during the course of an investigation.

h. "Whistle Blower" means a Director or Employee making a Protected Disclosure under this Policy.

4. Scope

a. The Whistle Blower's role is that of a reporting party with reliable information. They are not required or expected to act as investigators or finders of facts nor would they determine the appropriate corrective or remedial action that may be warranted in a given case.

b. Whistle Blowers should not act on their own in conducting any investigative activities, nor do they have a right to participate in any investigative activities other than as requested by the Audit Committee or the Investigator.

c. Protected Disclosure will be appropriately dealt with by the Audit Committee.

5. Eligibility

All the Directors and Employees of the Company are eligible to make Protected Disclosures under the Policy. The Protected Disclosures may be in relation to matters concerning the Company.

6. Procedure

a. All Protected Disclosures should be addressed to the Audit Committee.

b. If a protected disclosure is received by any Executive(s) of the Company other than the Audit Committee member, the same should be forwarded to the Audit Committee for further appropriate action.

c. Appropriate care must be taken to keep the identity of the Whistle Blower(s) confidential.

d. Protected Disclosures should be reported in writing so as to ensure a clear understanding of the issues raised, be typed in English, Hindi or in the Regional Language of the place of employment of the Whistle Blower(s).

e. The Protected Disclosure should be forwarded under a covering letter which shall bear the identity of the Whistle Blower(s). The Audit Committee shall detach the covering letter and forward only the Protected Disclosure to the Investigators for investigation.

f. Protected Disclosures should be factual and not speculative or in the nature of a conclusion, and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern.

7. Investigation

a. All Protected Disclosures reported under this Policy would be thoroughly investigated by the Audit Committee who would investigate/oversee the investigations.

b. The Audit Committee may at their discretion, consider involving any Investigators for the purpose of investigation.

c. The decision to conduct an investigation taken by the Audit Committee is by itself not an accusation and is to be treated as a neutral fact-finding process. The outcome of the investigation may or may not support the conclusion of the Whistle Blower that an improper or unethical act was committed.

d. The identity of a Subject and the Whistle Blower would be kept confidential to the extent possible given the legitimate needs of law and the investigation.

e. Subjects would normally be informed of the allegations at the outset of a formal investigation and have opportunities for providing their inputs during the investigation.

f. Subjects shall have a duty to co-operate with the Audit Committee or any of the Investigators during investigation to the extent that such co-operation will not compromise self-incrimination protections available under the applicable laws.

g. Subjects have a right to consult with a person or persons of their choice, other than the Audit Committee.

h. Subjects have a responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with and witnesses shall not be influenced, coached, threatened or intimidated by the Subjects.

i. Unless there are compelling reasons not to do so, Subjects would be given the opportunity to respond to material findings contained in an investigation report. No allegation of wrongdoing against a Subject shall be considered as maintainable unless there is good evidence in support of the allegation.

j. Subjects have a right to be informed of the outcome of the investigation.

k. The investigation shall be completed normally within 45 days of the receipt of the Protected Disclosure.

8. Protection

a. For the purpose of providing protection to the Whistle Blower(s), the Whistle Blower(s) should disclose his/her identity in the covering letter forwarding such Protected Disclosure.

b. The identity of the Whistle Blower(s) shall be kept confidential unless otherwise required by law, and in which case the Whistle Blower(s) would be informed accordingly.

c. No unfair treatment would be meted out to a Whistle Blower(s) by virtue of his/her having reported a Protected Disclosure under this Policy. The Company, as a Policy, condemns any kind of discrimination, harassment, victimisation or any other unfair employment practice being adopted against Whistle Blower(s). Complete protection would, therefore, be given to Whistle Blower(s) against any unfair practice like retaliation, threat or intimidation of termination/suspension of service, disciplinary action, transfer, demotion, refusal of promotion or the like including any direct or indirect use of authority to obstruct the Whistle Blower's right to continue to perform his duties/functions including making further Protected Disclosure. The Company would take steps to minimise difficulties, which the Whistle Blower(s) may experience as a result of making the Protected Disclosure.

d. A Whistle Blower(s) may report any violation of the above Clause to the Audit Committee who shall investigate into the same and advise suitable action to the Management.

e. Any other Employee assisting in the said investigation shall also be protected to the same extent as the Whistle Blower(s).

9. Disqualifications

a. While it would be ensured that genuine Whistle Blower(s) are accorded complete protection from any kind of unfair treatment as herein set out, any abuse of this protection would warrant disciplinary action.

b. Protection under this Policy would not mean protection from disciplinary action arising out of false or bogus allegations made by a Whistle Blower(s) knowing it to be false or bogus or with a mala fide intention.

c. Whistle Blower(s), who make any Protected Disclosures, which have been subsequently found to be mala fide or malicious or Whistle Blower(s) who make 3 or more Protected Disclosures, which have been subsequently found to be frivolous, baseless or reported otherwise than in good faith, would be disqualified from reporting further Protected Disclosures under this Policy and may be subject to disciplinary action.

10. Investigators

a. Investigators are required to conduct a process towards fact-finding and analysis. Investigators shall derive their authority and access rights from the Audit Committee when acting within the course and scope of their investigation.

b. Technical and other resources may be drawn upon as necessary to augment the investigation. All Investigators shall be independent and unbiased both in fact and as perceived. Investigators have a duty of fairness, objectivity, thoroughness, ethical behaviour and observance of legal and professional standards.

c. Investigations would be launched only after a preliminary review by the Audit Committee, as the case may be, which establishes that:

   i. the alleged act constitutes an improper or unethical activity or conduct; and

   ii. the allegation is supported by information specific enough to be investigated or in cases where the allegation is not supported by specific information, it is felt that the concerned matter is worthy of Management review.

11. Decision

If an investigation leads the Audit Committee to conclude that an illegal or unethical behaviour, actual or suspected fraud or violation of the Company's Codes or Policies or any improper activity has taken place/has been committed, the Audit Committee shall advise to the Management of the Company to take such disciplinary or corrective action as the Audit Committee may deem fit.

12. Reporting

A report with number of complaints received under this Policy and their outcome shall be placed before the Audit Committee on a regular basis.

13. Retention of documents

All Protected Disclosures in writing or documented 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

Chennai, 15th April, 2017

ANNEXURE 6

SECRETARIAL REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and ruleNo.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Mahindra Integrated Township Limited
Administrative Block, Central Avenue, Mahindra World City,
NathamSub(PO); Chengelpet,
Kancheepuram – 603 002, Tamilnadu

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Mahindra Integrated Township Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Mahindra Integrated Township Limited's books, papers, minutes books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31.03.2017, 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 Integrated Township 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 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 followed by the Company.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors that took place during the period under review. As on 31.03.2017, the Board of Directors consists of Ms. Anita Arjundas, Chairperson, Non-Executive Non-Independent Director, Ms. Sangeeta Prasad, Non-Executive Non-Independent Director, Mr. Murari Swamimalai Jagan, Independent Director and Mr. Rajagopalan Santhanam, Independent Director.

As on 31.03.2017, the Key Managerial Personnel of the Company comprise of Mr. Ankit Manoj Shah as Company Secretary and Mr. Jayant Bhalchandra Manmadkar as Manager.

Adequate notices were given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairperson, the decisions of the Board were unanimous and no dissenting views have been recorded.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, except following specific events/actions, there were no other specific events/actions in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above has taken place –

- The Board of Directors at its Board Meeting held on 13.04.2016 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 Years commencing from 1st April 2015 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 necessary e-Form MGT-14 was filed on 10th May 2016 with ROC.

- 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) in the Board Meeting held on 13.04.2016 pursuant to Section 179(3) read with Rule 8 of Companies (Meetings of Board and its Powers) Rules, 2014 and necessary e-Form MGT-14 was filed on 10.05.2016 with ROC.

- 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 Form MGT-14 was filed on 10.05.2016 and the financial statements were filed in e-Form AOC- 4 (XBRL) with ROC on 25.11.2016.

- Pursuant to Section 179(3) (d) of the Companies Act, 2013, at the Board Meeting held on 15th July 2016, the Board of Directors approved to Borrow money by way of Cash Credit/Overdraft/Bank Guarantee/Letter of Credit/ Commercial Paper/Construction Finance/Lease rental discounting/any other banking facility/Inter - Corporate Deposits/Term loans or any combination thereof and necessary e-Form MGT-14 was filed on 12.08.2016 with the ROC.

- Pursuant to Section 179, 186 of the Companies Act, 2013, at the Board Meeting held on 15th July 2016, the Board of Directors approved to invest temporary Surplus fund of the Company and the necessary e-Form MGT-14 was filed on 12.08.2016 with the ROC.

- As per section 161 of the Companies Act, 2013, Ms. Sangeeta Prasad who was appointed as an Additional Non-Executive Non-Independent Director with effect from 13th April 2016, was confirmed (regularized) as a Director of the Company in the 20th Annual General Meeting held on 15th July 2016 and necessary e-Form DIR-12 was filed on 12.08.2016 with ROC.

- Mr. Sethuraman Chandru resigned from the Board of the Directors of the Company at the 20th Annual General Meeting of the Company held on 15th July 2016 and necessary e-Form DIR-12 was filed on 12.08.2016 with ROC.

- The Company had filed Annual Return pursuant to Section 92 of the Companies Act, 2013 and necessary e-Form MGT-7 was filed 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 27.10.2016.

- Mr. Sivaranjan Kumar Tulluri resigned from the position of Chief Financial Officer of the Company with effect from 05.11.2016 and necessary e-Form DIR-12 was filed on 01.12.2016 with ROC.

- There had been a release of charged property situated at Paranur and Veerapuram village to the extent of 2.175 Acres which was mortgaged with Axis Trustee Services Limited and the company has filed necessary e-Form CHG-9 on 08.03.2017 with ROC.

- 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.

- The Company has been generally compliant in making payments as prescribed in The Employees' Provident Funds and Miscellaneous Provision Act, 1952.

for M. K. Surana & Co.,
Company Secretaries,

M. Kavitha Surana
Proprietor
FCS 5926, C. P. No.5269

Place: Chennai
Date: 13.04.2017

ANNEXURE A

This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to expression opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

for M. K. Surana & Co.,
Company Secretaries,

M. Kavitha Surana
Proprietor
FCS 5926, C. P. No.5269

Place: Chennai
Date: 13.04.2017

ANNEXURE 7

1. Conservation of energy:

(i)	the steps taken or impact on conservation of energy	:	As a part of sustainable development adequate measures have been initiated to reduce energy consumption. With respect to providing an Energy Efficient final product to its customers, the Company is developing Green Building. Green building increases the resource efficiency (energy, water, and materials), while reducing impacts on human health and the environment, through better selection of sites, design, construction, operation, maintenance, and demolition i.e. the complete building life cycle. Steps taken for energy conservation: 1. Energy efficient building envelops for walls and roofs 2. Heat Reflective paint 3. Adoption of highly efficient pumps, motors 4. Group control mechanism for lifts 5. LED lamps for common areas, landscape areas & pathways.
(ii)	the steps taken by the company for utilising alternate sources of energy	:	–
(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. Energy efficient lighting fixtures such as LED's

2. Technology Absorption

(i)	the efforts made towards technology absorption	:	The Company has adopted various alternate materials, methods like use of Gypsum putty and use of light weight aggregate 'Cinder' for sunk filling and introduced automation in few activities for process improvement like adoption of Boom lifts for carrying out external painting activity.
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	:	Process improvement, Product Improvement
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	:	–
(iv)	the expenditure incurred on Research and Development	:	–

3. Foreign exchange Earnings and Outgo

During the year, there were no Foreign Exchange earnings, whereas the Foreign Exchange outgo in terms of actual outflows was ` 14.70 lakh

For and on behalf of the Board,

Anita Arjundas
Chairperson
DIN : 00243215

Chennai, 15th April, 2017

ANNEXURE 8

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		U74140TN1996PLC068288
2.	Registration Date		24.06.1996
3.	Name of the Company		Mahindra Integrated Township Limited
4.	Category/Sub-Category of the Company		Company limited by shares/Indian Non-Government Company
5.	Address of the Registered office and contact details		Administrative Block, Central Avenue, Mahindra World City, Natham Sub(PO), Chengalpet, Kacheepuram, Tamilnadu, India – 603002.Tel: +91 44 67455001
6.	Whether listed Company (Yes/No)		No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any		All equity shares of the Company are held in physical mode. For Non-Convertible Debentures, the Company has appointed M/s. Karvy Computer Share Private Limited, as the Registrar and Transfer Agent of the Company having its office at Karvy Selnium, Tower B, Plot No. 31 & 32, Gachibowli, Financial District, Nanakramguda, Hyderabad -500 032.

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:-

Sl. No	Name and Description of Main Product/Services	NIC Code of the Product*	% to total turnover of the Company#
1.	Construction of Buildings	410	100

As per National Industrial Classification- Ministry of Statistics and Programme Implementation.
 # on the basis of Gross Turnover.

3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
1.	Mahindra Lifespace Developers Limited Address: Mahindra Towers, 5th Floor, Dr G M Bhosale Marg, Worli, Mumbai 400 018	L45200MH1999PLC118949	Holding Company	73.36	2(46)
2.	Mahindra & Mahindra Limited, Address: Gateway Building, Apollo Bunder, Mumbai – 400 001	L65990MH1945PLC004558	Ultimate Holding Company	–	2(46)
3.	Mahindra Residential Developers Limited Address: Administrative Block, Central Avenue, Mahindra World City, Natham Sub(PO), Chengalpet, Kacheepuram, Tamilnadu, India – 603002.	U45200TN2008PLC066292	Subsidiary Company	100	2(87)(ii)

4. SHAREHOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) **Indian**									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp	–	50,000,000	50,000,000	99.14	–	50,000,000	50,000,000	99.14	–
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other...	–	–	–	–	–	–	–	–	–
Sub-total (A) (1):-	–	50,000,000	50,000,000	99.14	–	50,000,000	50,000,000	99.14	–
(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)	–	50,000,000	50,000,000	99.14	–	50,000,000	50,000,000	99.14	–
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 ` 1 lakh	–	60,000	60,000	0.12	–	60,000	60,000	0.12	0
ii) Individual shareholders holding nominal share capital in excess of ` 1 lakh	–	375,000	375,000	0.72	–	375,000	375,000	0.72	0
c. Others (Non Resident Individuals)	–	–	–	–	–	–	–	–	–
d. Others–Trust	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	435,000	435,000	0.84	-	435,000	435,000	0.84	–

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	
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	435,000	435,000	0.84	–	435,000	435,000	0.84	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	50,435,000	50,435,000	100	–	50,435,000	50,435,000	100	–

(ii) Shareholding of Promoters

Sl No.	Shareholders Name	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1.	Mahindra Lifespace Developers Ltd	37,000,000	73.37	0.00	37,000,000	73.37	0.00	0.00
2.	Mahindra Lifespace Developers Ltd & Mr. Arun Nanda	1	0.00	0.00	1	0.00	0.00	0.00
3.	Mahindra Lifespace Developers Ltd & Mr. Mario Nazreth	1	0.00	0.00	1	0.00	0.00	0.00
4.	Mahindra Lifespace Developers Ltd & Mr. Roshan Gandhi	1	0.00	0.00	1	0.00	0.00	0.00
5.	Mahindra Lifespace Developers Ltd & Ms. Sangeeta Prasad	1	0.00	0.00	1	0.00	0.00	0.00
6.	Mahindra Lifespace Developers Ltd & Mr. Ulhas Bhosale	1	0.00	0.00	1	0.00	0.00	0.00
7.	Mahindra Lifespace Developers Ltd & Ms. Anita Arjundas	1	0.00	0.00	1	0.00	0.00	0.00
8.	Mahindra World City Developers Limited	13,000,000	25.77	0.00	13,000,000	25.77	0.00	0.00
	Total	**50,000,000**	**99.14**	0.00	**50,000,000**	**99.14**	0.00	0.00

(iii) Change in Promoters' Shareholding (please specify, if there is no change): There is no change in the Shareholding of Promoter Group.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): NIL

(v) Shareholding of Directors and Key Managerial Personnel (KMP):

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	**Anita Arjundas – Director*** At the beginning of the year	1,00,001	0.20	1,00,001	0.20
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	–	–	–	–
	At the End of the year	1,00,001	0.20	1,00,001	0.20
2.	**Sangeeta Prasad – Director#** At the beginning of the year	1	–	1	–
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	–	–	–	–
	At the End of the year	1	–	1	–

Note:

* *Out of total 1,00,001 shares, 1 share is jointly held with Mahindra Lifespace Developers Limited (first shareholder) and balance in individual capacity.*

\# *1 share is jointly held with Mahindra Lifespace Developers Limited*

None of the Key Managerial Personnel holds any shares in the Company.

5. INDEBTEDNESS

Indebtedness of the company including outstanding/accrued but not due for payment

(` in lakh)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	8558.85	1100.00	Nil	9658.85
ii) Interest due but not paid	Nil	NIL	Nil	NIL
iii) Interest accrued but not due	419.73	3.03	Nil	422.76
Total (i+ii+iii)	**8978.58**	**1103.03**	**Nil**	**10081.61**
Change in Indebtedness during the financial year				
• Addition	NIL	NIL	Nil	NIL
• Reduction	(273.50)	(748.03)	Nil	(1021.53)
Net Change	**(273.50)**	**(748.03)**	**Nil**	**(1021.53)**
Indebtedness at the end of the financial year				
i) Principal Amount	8081.60	355.00	Nil	8436.60
ii) Interest due but not paid	Nil	NIL	Nil	NIL
iii) Interest accrued but not due	623.48	NIL	Nil	623.48
Total (i+ii+iii)	**8705.08**	**355.0**	**Nil**	**9060.08**

6. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONAL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: Nil

B. Remuneration of other Directors:

(` in lakh)

Sr. no.	Particulars of Remuneration	Name of Directors		Total Amount
1.	Independent Directors	**R. Santhanam**	**M. S. Jagan**	
	• Fees for attending board/committee meetings	1.30	1.30	2.60
	• Commission	Nil	Nil	Nil
	• Others, please specify	Nil	Nil	Nil
	Total (1)	**1.30**	**1.30**	**2.60**
2.	Other Non-Executive Directors	Nil	Nil	Nil
	• Fees for attending board/committee meetings	Nil	Nil	Nil
	• Commission	Nil	Nil	Nil
	• Others, please specify	Nil	Nil	Nil
	Total (2)	**Nil**	**Nil**	**Nil**
	Total (B)=(1+2)	**1.30**	**1.30**	**2.60**
	Total (A)	**1.30**	**1.30**	**2.60**
	Total Managerial Remuneration	Nil	Nil	Nil
	Overall Ceiling as per the Act	**NA**	**NA**	**NA**

C. Remuneration to Key Managerial Personnel other than Managing Director/Manager/Whole Time Director: Nil

7. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief description	Details of penalty/ Punishment/compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give details)
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

Chennai, 15th April, 2017

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
MAHINDRA INTEGRATED TOWNSHIP LIMITED

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **MAHINDRA INTEGRATED TOWNSHIP 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.

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 profit, 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, 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 has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term 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 (Refer Note 31 to the 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 **A. F. Ferguson & Co.**
Chartered Accountants
(Firm's Registration No. 112066W)

Geetha Suryanarayanan
Partner
(Membership No. 29519)

Place: Chennai
Date: April 15, 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 INTEGRATED TOWNSHIP 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, 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 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 **A. F. Ferguson & Co.**
Chartered Accountants
(Firm’s Registration No. 112066W)

Geetha Suryanarayanan
Partner
Membership No. 29519

Place: Chennai
Date: April 15, 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) In our opinion and according to the information and explanations given to us, having regard to the nature of inventory, the physical verification by way of verification of lease deeds, physical verification of materials, site visits by the Management and certification of extent of work completion by competent persons, are at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. There were no unclaimed deposits at any time during the year.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has been regular in depositing undisputed statutory dues, including Income-tax, Sales Tax, Service Tax, Value Added Tax, Cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Income-tax, Sales Tax, Service Tax, 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 the repayment of loans or borrowings to banks and dues to debenture holders. The Company has not taken loans or borrowings from Financial Institutions and government.

(ix) 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 not paid/ provided any managerial remuneration.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 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 **A. F. Ferguson & Co.**
Chartered Accountants
(Firm's Registration No. 112066W)

Geetha Suryanarayanan
Partner
(Membership No. 29519)

Place: Chennai
Date: April 15, 2017

BALANCE SHEET AS AT 31ST MARCH, 2017

Particulars	Note No.	As at 31st March, 2017 ` in lakh	As at 31st March, 2016 ` in lakh	As at 1st April, 2015 ` in lakh
I. ASSETS				
1. Non-Current Assets				
a. Property, Plant and Equipment	3	**65.76**	74.25	2.22
b. Financial Assets				
(i) Investments	5	**6,629.48**	6,630.48	6,630.48
(ii) Other Financial Assets	6	**76.80**	87.18	67.26
c. Tax Assets-MAT Credit	4	**585.29**	411.72	424.61
d. Other Non-current Assets	7	**215.19**	288.43	200.65
Total Non-Current Assets		**7,572.52**	7,492.06	7,325.22
2. Current Assets				
a. Inventories	8	**9,338.83**	10,298.19	9,235.51
b. Financial Assets				
(i) Trade Receivables	9	**553.13**	670.47	1,288.38
(ii) Cash and Cash Equivalents	10	**247.81**	173.30	985.07
(iii) Other Financial Assets	6	**1,291.61**	225.58	167.63
c. Other Current Assets	7	**2,750.96**	3,506.75	2,805.99
Total Current Assets		**14,182.34**	14,874.29	14,482.58
Total Assets		**21,754.86**	22,366.35	21,807.80
II. EQUITY AND LIABILITIES				
1. Equity				
a. Equity Share Capital	11	**5,043.50**	5,043.50	5,043.50
b. Other Equity	12	**4,264.36**	2,894.10	2,355.29
Total Equity		**9,307.86**	7,937.60	7,398.79
Liabilities				
2. Non-Current Liabilities				
Financial Liabilities				
(i) Borrowings	13	**7,487.25**	7,482.52	5,770.00
(ii) Other Financial Liabilities	14	**318.55**	113.48	–
Total Non-Current Liabilities		**7,805.80**	7,596.00	5,770.00
3. Current Liabilities				
a. Financial Liabilities				
(i) Borrowings	15	**949.35**	2,176.33	2,700.00
(ii) Trade Payables	16	**2,038.32**	3,315.05	4,827.59
(iii) Other Financial Liabilities	14	**1,051.03**	669.99	651.53
b. Provisions	17	**43.11**	117.91	85.35
c. Other Current Liabilities	18	**559.39**	553.47	374.54
Total Current Liabilities		**4,641.20**	6,832.75	8,639.01
Total Liabilities		**12,447.00**	14,428.75	14,409.01
Total Equity & Liabilities		**21,754.86**	22,366.35	21,807.80

See accompanying notes forming part of Financial Statements

In terms of our report attached

For **A. F. Ferguson & Co.**
Chartered Accountants

Geetha Suryanarayanan
Partner

Chaitanya Cherukuri
Chief Financial Officer

Ankit Shah
Company Secretary
(ACS:26552)

Place: Chennai
Date: 15th April, 2017

For and on behalf of the board of directors

Anita Arjundas	Chairperson	(DIN: 00243215)
R Santhanam	Independent Director	(DIN: 00237740)
M S Jagan	Independent Director	(DIN: 02002827)
Sangeeta Prasad	Non-Executive Non-Independent Director	(DIN: 02791944)

Place: Mumbai
Date: 15th April, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	Note	Year ended 31st March, 2017 ` in lakh	Year ended 31st March, 2016 ` in lakh
REVENUE			
Revenue from operations	**19**	**6,056.72**	5,327.21
Other Income	**20**	**501.32**	501.31
Total Income		**6,558.04**	5,828.52
EXPENSES			
Operating Expenses-Cost of Sales	**21**	**3,398.19**	3,184.61
Finance costs	**22**	**787.10**	910.02
Depreciation and amortisation expense	**3**	**17.39**	15.14
Other expenses	**23**	**833.98**	1,035.87
Total Expenses		**5,036.66**	5,145.64
Profit before tax		**1,521.38**	682.88
Tax Expense			
Current tax	**4**	**324.69**	144.07
Minimum alternate tax Credit	**4**	**(173.57)**	–
Total tax expense		**151.12**	144.07
Profit after tax		**1,370.26**	538.81
Earnings per equity share			
Basic/(Diluted)	**25**	**2.72**	1.07

See accompanying notes forming part of Financial Statements

In terms of our report attached

For **A. F. Ferguson & Co.**
Chartered Accountants

Geetha Suryanarayanan
Partner

Chaitanya Cherukuri
Chief Financial Officer

Ankit Shah
Company Secretary
(ACS:26552)

Place: Chennai
Date: 15th April, 2017

For and on behalf of the board of directors

Anita Arjundas	Chairperson	(DIN: 00243215)
R Santhanam	Independent Director	(DIN: 00237740)
M S Jagan	Independent Director	(DIN: 02002827)
Sangeeta Prasad	Non-Executive Non-Independent Director	(DIN: 02791944)

Place: Mumbai
Date: 15th April, 2017

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	Year ended 31st March, 2017 ` in lakh	Year ended 31st March, 2016 ` in lakh
Cash flow from operating activities		
Profit before tax for the year	**1,521.38**	682.88
Adjustments for:		
Finance costs recognised in profit or loss	**872.98**	910.02
Investment income recognised in profit or loss	**(18.44)**	(28.21)
Depreciation and amortisation of non-current assets	**17.39**	15.14
Movements in working capital:		
Increase in trade and other receivables	**117.34**	617.91
(Increase)/decrease in amounts due from customers under construction contracts	**594.24**	(921.36)
(Increase)/decrease in inventories	**959.36**	(1,062.68)
(Increase)/decrease in other assets	**161.55**	220.60
(Increase)/decrease in other Non Current Financial Assets	**10.38**	(19.92)
(Increase)/decrease in other Financial Assets	**(66.03)**	(57.95)
Decrease in trade and other payables	**(1,276.73)**	(1,512.54)
Increase/(decrease) in amounts due to customers under construction contracts	**264.30**	82.83
Increase/(decrease) in Other Financial Liabilities	**385.39**	214.52
Increase/(decrease) in provisions	**(74.80)**	32.56
(Decrease)/increase in deferred revenue	**(225.76)**	116.46
(Decrease)/increase in other liabilities	**(32.62)**	(20.36)
Cash generated/(used in) from operations	**3,209.93**	(730.10)
Income taxes paid	**(251.45)**	(218.96)
Net cash generate/(used in) by operating activities	**2,958.48**	(949.06)
Cash flows from investing activities		
Payments for property, plant and equipment	**(8.90)**	(87.17)
Proceeds from sale Preference shares	**1.00**	–
Inter-Corporate deposits given		
– Given	**(2,000.00)**	–
– Received back	**1,000.00**	–
Interest received	**18.44**	28.21
Net cash (used in)/generated by investing activities	**(989.46)**	(58.96)
Cash flows from financing activities		
Cash Credit-Secured	**(481.98)**	1,076.33
Proceeds from borrowings	**(0.00)**	7,500.00
Repayment of Long term borrowings to Related parties	**–**	(5,770.00)
Repayment of ICD's to Related parties	**(745.00)**	(1,600.00)
Interest paid	**(667.53)**	(1,010.08)
Net cash generated from/(used in) financing activities	**(1,894.51)**	196.25
Net increase/(decrease) in cash and cash equivalents	**74.51**	(811.77)
Cash and cash equivalents at the beginning of the year	**173.30**	985.07
Cash and cash equivalents at the end of the year	**247.81**	173.30
Components of cash and cash equivalents		
Cash on hand	**0.03**	0.02
With banks		
– on current account	**247.78**	173.28
– on deposit account	**–**	–
Total cash and cash equivalents (note 10)	**247.81**	173.30

See accompanying notes forming part of Financial Statements

In terms of our report attached		**For and on behalf of the board of directors**		
For **A. F. Ferguson & Co.**	**Chaitanya Cherukuri**	**Anita Arjundas**	Chairperson	(DIN: 00243215)
Chartered Accountants	Chief Financial Officer	**R Santhanam**	Independent Director	(DIN: 00237740)
		M S Jagan	Independent Director	(DIN: 02002827)
Geetha Suryanarayanan	**Ankit Shah**	**Sangeeta Prasad**	Non-Executive	
Partner	Company Secretary (ACS:26552)		Non-Independent Director	(DIN: 02791944)
Place: Chennai		Place: Mumbai		
Date: 15th April, 2017		Date: 15th April, 2017		

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2017

All amounts are in lakh unless otherwise stated

A. Equity share capital

Particulars	` in lakh
As at 1st April, 2015	5,043.50
Changes in equity share capital during the year	–
As at 31st March, 2016	5,043.50
Changes in equity share capital during the year	–
As at 31st March, 2017	**5,043.50**

B. Other Equity

	Reserves and Surplus			
Particulars	**Ind AS Transition Reserve**	**Debenture Redemption Reserve**	**Retained Earnings**	**Total**
As at 1st April, 2015	23.96	–	2,331.33	2,355.29
Profit/(Loss) for the period	–	–	538.81	538.81
Other Comprehensive Income/(Loss) net of Income tax	–	–	–	–
Transfer to Debenture Redemption Reserve	–	489.58	(489.58)	–
As at 31st March, 2016	23.96	489.58	2,380.56	2,894.10
Profit/(Loss) for the period	–	–	1,370.26	1,370.26
Other Comprehensive Income/(Loss) net of Income tax	–	–	–	–
Transfer to Debenture Redemption Reserve	–	489.58	(489.58)	–
As at 31st March, 2017	**23.96**	**979.16**	**3,261.24**	**4,264.36**

See accompanying notes forming part of Financial Statements

In terms of our report attached

For **A. F. Ferguson & Co.**
Chartered Accountants

Geetha Suryanarayanan
Partner

Chaitanya Cherukuri
Chief Financial Officer

Ankit Shah
Company Secretary
(ACS:26552)

Place: Chennai
Date: 15th April, 2017

For and on behalf of the board of directors

Anita Arjundas	Chairperson	(DIN: 00243215)
R Santhanam	Independent Director	(DIN: 00237740)
M S Jagan	Independent Director	(DIN: 02002827)
Sangeeta Prasad	Non-Executive Non-Independent Director	(DIN: 02791944)

Place: Mumbai
Date: 15th April, 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

1. General Information

The Company was incorporated on June 26, 1996.

The Company is a Co-developer, approved under Special Economic Zone Act, 2005, engaged in development of township including residential infrastructure in Mahindra World City SEZ and giving it on perpetual lease. Accordingly the Company is entitled to 100% deduction of its income under the Income Tax Act, 1961 up to Assessment year 2019-20. The level of activity carried out by the Company depends on the number of projects handled and accordingly the revenue from operations may not be comparable on a year-to-year basis.

2. Significant Accounting Policies

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.

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

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.

2.3.1 Construction contracts

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 consolidated 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

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.

2.3.2 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 measured based on the proportion of costs incurred for rendering of the service to date relative to the estimated total costs, except where this would not be representative of the stage of completion.

2.3.3 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.

2.3.4 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 proportionate 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

2.4 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.

2.5 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.

2.6 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.6.1 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 by the end of the reporting period.

2.6.2 Deferred tax

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on 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.

2.6.3 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 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.

2.8 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

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.

2.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

2.10 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 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.

2.11 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.

2.12 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.

For the impairment policy on financial assets measured at amortised cost, refer Note 2.12.5

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.

For the impairment policy on debt instruments at FVTOCI, refer Note 3.24.5

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 Investments in equity instruments at FVTOCI

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the ‘Reserve for equity instruments through other comprehensive income’. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

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 Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

2.12.4 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 (see note 2.12.3 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

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.

2.12.5 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.

2.12.6 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.

2.12.7 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.

2.13 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.

2.13.1 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

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.

2.13.1.1 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.

2.13.1.2 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 Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognised by the Company 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 Company of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

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.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, 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 recognised 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, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit or loss. Changes in fair value attributable to a financial liability’s credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the Company that are designated by the Company as at fair value through profit or loss are recognised in profit or loss.

2.13.1.3 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.

2.13.1.4 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.

2.13.1.5 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.

2.14 1.28 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

All amounts are in lakh unless otherwise stated

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.

2.14.5 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.

2.14.6 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.

2.15 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.

3. Property, Plant and Equipment

Description of Assets	Office Equipment	Furniture and Fixtures	Computer	Electrical Installations	Total
I. Gross Carrying Amount					
Balance as at 1st April, 2016	10.01	71.07	2.06	10.10	93.24
Additions	8.90	–	–	–	8.90
Balance as at 31st March, 2017	**18.91**	**71.07**	**2.06**	**10.10**	**102.14**
II. Accumulated depreciation and impairment					
Balance as at 1st April, 2016	3.73	12.27	2.06	0.93	18.99
Depreciation expense for the year	3.08	13.30	–	1.01	17.39
Balance as at 31st March, 2017	**6.81**	**25.57**	**2.06**	**1.94**	**36.38**
III. Net carrying amount (I-II)	**12.10**	**45.50**	**–**	**8.16**	**65.76**

Description of Assets	Office Equipment	Furniture and Fixtures	Computer	Electrical Installations	Total
I. Gross Carrying Amount					
Balance as at 1st April, 2015	4.01	–	2.06	–	6.07
Additions	6.00	71.07	–	10.10	87.17
Balance as at 31st March, 2016	10.01	71.07	2.06	10.10	93.24
II. Accumulated depreciation and impairment					
Balance as at 1st April, 2015	1.79	–	2.06	–	3.85
Depreciation expense for the year	1.94	12.27	–	0.93	15.14
Balance as at 31st March, 2016	3.73	12.27	2.06	0.93	18.99
III. Net carrying amount (I-II)	**6.28**	**58.80**	**–**	**9.17**	**74.25**

Refer note 2 for company's policy on Recognition and measurement of Property, Plan and Equipment and Depreciation methods used.

4a. Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Current Tax:		
In respect of current year	**324.69**	144.07
Deferred Tax:	**(173.57)**	–
Total income tax expense on continuing operations	**151.12**	144.07

(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	**1,521.38**	682.88
Income tax expense calculated at 34.61% (2016: 34.61%)#	**324.69**	236.33

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

All amounts are in lakh unless otherwise stated

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Effect of income that is exempt from taxation	**(173.57)**	(92.26)
Income tax expense recognised In profit or loss from continuing operations	**151.12**	144.07

#The tax rate used for the 31st March, 2017 and 31st 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.

4b. Current Tax and Deferred Tax/MAT Credit

Movement in deferred tax balances-NIL

Particulars	For the Year ended 31st March, 2017 Opening Balance	Recognised in profit and Loss	Closing Balance
Tax effect of items constituting MAT			
Minimum Alternate Tax Credit	**411.72**	**173.57**	**585.29**
Net Tax Asset	**411.72**	**173.57**	**585.29**

Particulars	For the Year ended 31st March, 2016 Opening Balance	Recognised in profit and Loss	Closing Balance
Tax effect of items constituting MAT			
Minimum Alternate Tax Credit	424.61	(12.89)	411.72
Net Tax Asset	424.61	(12.89)	411.72

5. Investments

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. Cost						
Unquoted investments (all fully paid)						
Investments in equity instruments						
- Of subsidiaries						
- Mahindra Residential Developers Limited -2,50,000 equity shares face value of Rs. 10/- Each	**–**	**6,629.48**	–	6,629.48	–	6,629.48
Investments carried at cost	**–**	**6,629.48**	–	6,629.48	–	6,629.48
B. Amortised cost						
Unquoted						
Investments in preference shares						
- Of subsidiaries						
Mahindra Residential Developers Limited-10,000 equity shares face value of Rs. 10/- Each	**–**	**–**	–	1.00	–	1.00
Total investments carried at amortised cost	**–**	**–**	–	1.00	–	1.00
Total investments carrying value	**–**	**6,629.48**	–	6,630.48	–	6,630.48
Other disclosures						
Aggregate amount of unquoted investments	**–**	**6,629.48**	–	6,630.48	–	6,630.48

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) Security Deposits						
- Unsecured, Considered Good	**156.11**	**76.80**	90.76	87.18	33.47	67.26
Total (a)	**156.11**	**76.80**	90.76	87.18	33.47	67.26
b) Loans To Related Parties *						
- Unsecured, Considered Good	**1,000.00**	**–**	–	–	–	–
Less: Allowance For Credit Losses	**–**	**–**	–	–	–	–
Total (b)	**1,000.00**	**–**	–	–	–	–

* This Loan is given to M/s. Mahindra Worldcity Developers Limited to meet its working capital requirement at an interest rate of 11% p.a. This loan is unsecured and repayable on demand.

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
c) Other Bank Balances						
Restricted Cash And Bank Balances						
- Earmarked Deposit Account With Scheduled Banks #	**135.50**	**–**	134.82	–	134.16	–
Total (c)	**135.50**	**–**	134.82	–	134.16	–
Less: Allowance For Credit Losses	**–**	**–**			–	–
Grand Total	**1,291.61**	**76.80**	225.58	87.18	167.63	67.26

Earmarked balances with banks refers to Fixed Deposits with bank created out of Corpus and Advance maintenance Charges collected from customers.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

All amounts are in lakh unless otherwise stated

7. 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)	**351.85**		369.77		96.31	
(ii) Other advances(Mobilisation & Material Advances to Contractors)	**157.22**		300.85		794.91	
b) Advance income tax - Unsecured, considered good		**215.19**	–	288.43		200.65
	509.07	**215.19**	670.62	288.43	891.22	200.65
(c) Contract Assets	**2,241.89**	**–**	2,836.13		1,914.77	
	2,241.89	**–**	2,836.13	–	1,914.77	–
	2,750.96	**215.19**	3,506.75	288.43	2,805.99	200.65

7a. Contract Assets

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Contracts in Progress at the end of reporting Period			
Construction costs incurred plus profits recognised less losses recognised	**–**	834.00	6,998.93
Less: Progress Billings	**–**	565.19	6,503.83
Balance at end of the year - 31st March, 2017/2016	**–**	268.81	495.10
Recognised and Included in Financial Statements as amounts due:			
(i) Amounts due from Customers under construction contracts	**2,241.89**	2,836.13	1,914.77
(ii) Amounts due to Customers under construction contracts	**–**	225.76	109.30
	2,241.89	3,061.89	2,024.07
Retentions held by customer	**–**	–	–
Advances received from customers	**536.37**	272.07	189.24

8. Inventories

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Construction Materials	**50.57**	205.28	524.48
Work-in-progress	**6,866.53**	8,860.35	8,439.81
Finished goods	**2,421.73**	1,232.56	271.22
Total Inventories (at lower of cost and net realisable value)	**9,338.83**	10,298.19	9,235.51

The borrowing cost capitalized during the year ended 31st March, 2017 is Rs. 92.97 (31st March, 2016: Rs. 73.69, 31st March, 2015: Rs. NIL). The capitalised borrowing cost is shown as part of Construction work-in-progress (CWIP).

Construction Materials majorly includes Steel, Cement, Chrome plated & Sanitary Fixtures and UPVC windows which are used for construction activities.

The cost of inventories recognised as an expense during the year in respect of continuing operations was 3,398.19 (31st March, 2016: 3,184.61).

The carrying amount of inventories pledged as security for Cash Credit limit taken from HDFC and Secured Debentures is 2,824.18 (31st March, 2016: 3,440.40, 1st April 2015: NIL).

The land with carrying value of 4,991.19 (31st March, 2016: 5,372.46, 1st April, 2015: 5,606.72) shown as part of Work in Progress has been given as collateral security for loan availed by Mahindra Lifespace Developers Ltd.

9. 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
Other Trade receivables						
- Unsecured, considered good	**553.13**	**–**	670.47	–	1288.38	–
Total	**553.13**	**–**	670.47	–	1288.38	–
Of the above, trade receivables from:						
- Related Parties	**–**	**–**	–	–	–	–
- Others	**553.13**	**–**	670.47	–	1,288.38	–
Total	**553.13**	**–**	670.47	–	1,288.38	–

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

All amounts are in lakh unless otherwise stated

10. Cash and Bank Balances

Particulars	**As at 31st March, 2017**	As at 31st March, 2016	As at 1st April, 2015
Balances with banks			
In Current Accounts	**247.78**	173.28	385.06
Deposits with original maturity of less than three months	**–**	–	600.00
Cash on hand	**0.03**	0.02	0.01
Total Cash and cash equivalents	**247.81**	173.30	985.07

11. Equity 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
Authorised:						
Equity shares of Rs. 10 each with voting rights	**60,000,000**	**6,000.00**	60,000,000	6,000.00	60,000,000	6,000.00
Issued, Subscribed and Fully Paid:						
Equity shares of Rs. 10 each with voting rights	**50,435,000**	**5,043.50**	50,435,000	5,043.50	50,435,000	5,043.50
Total	**50,435,000**	**5,043.50**	50,435,000	5,043.50	50,435,000	5,043.50

(i) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	Opening Balance	Fresh Issue	Bonus	Other Changes	Closing Balance
Equity Shares with Voting rights*					
Year Ended 31st March, 2017					
No. of Shares	**50,435,000**	**–**	**–**	**–**	**50,435,000**
Amount in lakh	**5,043.50**	**–**	**–**	**–**	**5,043.50**
Year Ended 31st March, 2016					
No. of Shares	50,435,000	–	–	–	50,435,000
Amount in lakh	5,043.50	–	–	–	5,043.50
Year Ended 1st April, 2015					
No. of Shares	50,435,000	–	–	–	50,435,000
Amount in lakh	5,043.50	–	–	–	5,043.50

*Terms/rights attached to equity shares: The Company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share. Dividends are paid in Indian Rupees. The dividends proposed by the Board of Directors are subject to the approval of the shareholders at the Annual General Meeting. Repayment of capital will be in proportion to the number of equity shares held.

(ii) Details of shareholders holding more than 5% shares in the company

Name of the shareholder	**As at 31st March, 2017**		As at 31st March, 2016		As at 1st April, 2015	
	No.	**% holding in the class**	No.	% holding in the class	No.	% holding in the class
Equity shares with voting rights:						
Mahindra Lifespace Developers Limited, Holding Company	**37,000,000**	**73.36%**	37,000,000	73.36%	37,000,000	73.36%
Mahindra World City Developers Limited, Fellow subsidiary	**13,000,000**	**25.78%**	13,000,000	25.78%	13,000,000	25.78%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

All amounts are in lakh unless otherwise stated

(iii) 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 Lifespace Developers Limited, the Holding Company	**37,000,000**	–	–
Associates of the holding company-Mahindra Worldcity Developers Ltd	**13,000,000**	**–**	**–**
As at 31st March, 2016			
Mahindra Lifespace Developers Limited, the Holding Company	37,000,000	–	–
Associates of the holding company-Mahindra Worldcity Developers Ltd	13,000,000		
As at 1st April, 2015			
Mahindra Lifespace Developers Limited, the Holding Company	37,000,000	–	–
Associates of the holding company-Mahindra Worldcity Developers Ltd	13,000,000	–	–

12. Other equity

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Retained Earnings	**3,261.24**	2,380.56	2,331.33
Debenture Redemption Reserve	**979.16**	489.58	–
IND AS Transition Reserve	**23.96**	23.96	23.96
Total Other Equity	**4,264.36**	2,894.10	2,355.29

13. Non-Current Borrowings

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Measured at amortised cost			
A. Secured Borrowings:			
Non Convertible Debentures (refer to sub note(ii) below)	**7,487.25**	**7,482.52**	
Total Secured Borrowings	**7,487.25**	**7,482.52**	**–**
B. Unsecured Borrowings - at amortised Cost			
Loans from related parties (refer to sub note(iii) below)	**–**	**–**	**5,770.00**
Total Unsecured Borrowings	**–**	**–**	**5,770.00**
Total Borrowings	**7,487.25**	**7,482.52**	**5,770.00**

i) Details of Long term Borrowings of the Company:

Description of the instrument	Effective Interest Rate used for Discounting Cashflows	Date of Redemption	Amortised cost as at 31st March, 2017	Amortised cost as at 31st March, 2016	Amortised cost as at 1st April, 2015
Fully Redeemable (All loans taken in INR)					
1. Non Convertible Debentures	9.6816%	8/31/2018	**2,497.41**	2,495.65	–
2. Non Convertible Debentures	9.6764%	8/31/2019	**2,495.87**	2,494.38	–
3. Non Convertible Debentures	9.6834%	8/31/2020	**2,493.97**	2,492.49	–
Loans from related Party	12.50%	3/31/2019	**–**	–	5,770.00
			7,487.25	7,482.52	5,770.00

ii) Non Convertible Debentures (Secured)

The Terms and conditions of the Secured Non Convertible Debentures issued by the Company are summarised below

Series	I	II	III
Face Value of the Debentures (Rs in lakhs)	**2,500.00**	2,500.00	2,500.00
Total Redemption Premium (Rs in lakhs)	**214.32**	299.64	393.68
Rate of Interest Payable Annually	**7%**	**7%**	**7%**
Maturity Date (one time repayment in full including Redemption Premium)	**31-Aug-2018**	**31-Aug-2019**	**31-Aug-2020**

The above Debentures are secured by first ranking pari passu mortgage and charge on specific lands of the Company. These specific Lands carrying value is Rs.1185.41 lakh and is shown as part of "work in Progress" in Inventories Schedule. Refer note No.8

iii) Loan from related party

During the Finance Year 2014-15, Mahindra Lifespace Developers Limited has converted inter Corporate Deposit into an Unsecured Term Loan repayable by 31st March, 2019, with interest @12.5% p.a.payable on a quarterly basis. The Term Loan has been repaid in full during the FY 2015-16.

14. Other Financial Liabilities

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Non Current			
Interest Accrued and due on borrowings (Redemption Premium)	**318.55**	113.48	–
	318.55	113.48	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

All amounts are in lakh unless otherwise stated

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Current			
Interest accrued			
Interest Accrued and due on borrowings	**–**	–	344.99
Interest Accrued and Not due on borrowings	**304.93**	309.28	160.35
Other liabilities			
Deposits from customers*	**746.10**	360.71	146.19
Total other financial liabilities	**1,051.03**	669.99	651.53

*refers to amount collected from customers towards "Advance maintenance and Corpus fund". Out of the funds collected, the Company has invested in earmarked deposit accounts with banks (Refer Note 6)

15. Current Borrowings

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
A. Secured Borrowings			
From Banks- Cash Credit Facility	**594.35**	1,076.33	–
Total Secured Borrowings	**594.35**	1,076.33	–
B. Unsecured Borrowings			
Loans from related parties	**355.00**	1,100.00	2,700.00
Total Unsecured Borrowings	**355.00**	1,100.00	2,700.00
Total Current Borrowings	**949.35**	2,176.33	2,700.00

Company has obtained Secured Cash Credit Limit from HDFC Bank Ltd for Rs. 25 crs @ Bank Base Rate + 0.25% p.a. payable on a monthly basis. This facility is secured by hypothecation of book debts and Work in progress.

16. Trade Payables

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Current			
Trade payable - Micro and small enterprises (Refer Note 31 (i))	**180.36**	191.42	150.93
Other Trade payables	**1,430.62**	2,416.73	4,051.78
Retention Amounts payable	**427.34**	706.90	624.88
Total trade payables	**2,038.32**	3,315.05	4,827.59

Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

17. Provisions

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Current Provisions			
Defect Liability Provision	**43.11**	117.91	85.35
Total Current Provisions	**43.11**	117.91	85.35

Details of movement in Other Provisions is as follows:

Particulars	Defect Liability Provision
Balance at 1st April, 2015	85.35
Additional provisions recognised	24.30
Unwinding of discount and effect of changes in the discount rate	8.26
Balance at 31st March, 2016	117.91
Balance at 1st April, 2016	117.91
Additional provisions recognised	32.22
Amounts used during the period	(35.08)
Unused amounts reversed during the period	(79.03)
Unwinding of discount and effect of changes in the discount rate	7.09
Balance at 31st March, 2017	**43.11**

Defect Liability Provision:

Provision for defect liability represents present value of management's best estimate of the future outflow of economic resources that will be required in respect of residential units given under perpetual lease, the estimated cost of which is accrued during the period of construction, upon sale of units and recognition of related revenue. Management estimates the related provision for future defect liability claims based on historical cost of rectifications and is adjusted regularly to reflect new information. The residential units are generally covered under a defect liability period limited to 1 year from the date of handover of residential units. It is expected that most of these costs will be incurred within two years after the reporting date.

18. Other Current Liabilities

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
a. Advances received from customers-Under Construction Contracts	**536.37**	272.07	189.24
b. Deferred Revenue			
- Other Deferred Revenues	**–**	225.76	109.30
c. Statutory dues			
- taxes payable (other than income taxes)	**23.02**	43.80	64.17
- Other credit balances		11.84	11.83
Total Other Liabilities	**559.39**	553.47	374.54

19. Revenue from Operations

The following is an analysis of the company's revenue for the year from continuing operations.

Particulars	Year Ended 31st March, 2017	Year Ended 31st March, 2016
Revenue from rendering of services-Contract Revenue	**6,056.72**	5,327.21
Total Revenue from Operations	**6,056.72**	5,327.21

20. Other Income

Particulars	Year Ended 31st March, 2017	Year Ended 31st March, 2016
Interest Income	**26.42**	31.86
On Financial Assets at Amortised Cost	**–**	7.13
On Financial Assets at FVTPL	**18.44**	21.08
From Customers	**7.98**	3.65
Guarantee Commission	**436.65**	435.75
Cancellation/Transfer income	**38.25**	33.70
Total Other Income	**501.32**	501.31

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

All amounts are in lakh unless otherwise stated

21. Operating Expenses

Particulars	Year Ended 31st March, 2017	Year Ended 31st March, 2016
Inventories at the beginning of the year:		
Finished goods	**1,232.56**	271.22
Work-in-progress	**8,860.35**	8,439.81
Stock-in-trade	**205.28**	524.48
Add: Expenses Incurred during the year		
Land and Construction Costs	**1,865.16**	**3,771.40**
Architect & Consultant Fees	**123.74**	**12.51**
Project Management Fees	**317.83**	**298.55**
Other Expenses	**39.13**	**91.14**
Interest Cost	**92.97**	**73.69**
Inventories at the end of the year:		
Finished goods	**(2,421.73)**	**(1,232.56)**
Work-in-progress	**(6,866.53)**	**(8,860.35)**
Stock-in-trade	**(50.57)**	**(205.28)**
Net (increase)/decrease	**3,398.19**	3,184.61

22. Finance Cost

Particulars	Year Ended 31st March, 2017	Year Ended 31st March, 2016
Interest expense	**872.98**	975.46
Less: Amounts included in the cost of qualifying assets*	**(92.97)**	(73.69)
Other borrowing cost	**7.09**	8.25
Total finance costs	**787.10**	910.02

*The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is 9.68%.

Analysis of Interest Expenses by Category

Particulars	Year Ended 31st March, 2017	Year Ended 31st March, 2016
Interest Expenses		
On Financial Liability at Amortised Cost	**872.98**	975.46
On Financial Liabilities at FVTPL	**7.09**	8.25

23. Other Expenses

Particulars	Year Ended 31st March, 2017	Year Ended 31st March, 2016
Rent including lease rentals	**9.29**	18.88
Repairs and maintenance - Others	**286.42**	267.85
Advertisement	**193.00**	322.84
Commission on sales/contracts (net)	**32.61**	29.83
Expenditure on Corporate Social Responsibility*	**28.86**	32.17
Defect Liability	**(46.81)**	24.30
Staff Deputation Costs	**218.09**	210.88
Auditors remuneration and out-of-pocket expenses	**11.08**	10.37
As Auditors	**7.75**	7.25
For Other services	**3.30**	3.10
For reimbursement of expenses	**0.03**	0.02
Legal and other professional costs	**34.45**	29.30
Other General Expenses	**66.99**	89.45
Total Other Expenses	**833.98**	1,035.87

* Details of expenditure on Corporate Social Responsibility

Particulars	Year Ended 31st March, 2017	Year Ended 31st March, 2016
Help self Group	**1.00**	3.03
Education/Health	**9.46**	8.05
Tree Plantation	**1.00**	5.00
Swachh Bharat Initiative	**2.99**	–
Contribution to approved NGO (Nanhi Kali foundation)	**14.41**	16.09
Total CSR Expense	**28.86**	32.17

24. Segment information

Business segments

The Company operates in only one business segment, i.e. 'Residential Projects & Development Activities' based on the nature of the services and products, the risks and returns etc. Therefore, business segment reporting in terms of IND AS 108 on segmental reporting is not applicable.

Geographical segments

The Company operates only in India. Therefore, geographical segment reporting in terms of IND AS 108 on segmental reporting is not applicable. The conditions prevailing in India being uniform, no separate geographical disclosure within India is considered necessary.

25. Earnings per Share

Particulars	Year Ended 31st March, 2017 Per Share	Year Ended 31st March, 2016 Per Share
Basic/Diluted Earnings per share	**2.72**	1.07
From discontinuing operations (Rs.) per share	**–**	–
Total basic/diluted earnings per share	**2.72**	1.07

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 for the year attributable to owners of the Company	**1,370.26**	538.81
Less: Preference dividend and tax thereon		–
Profit for the year used in the calculation of basic earnings per share	**1,370.26**	538.81
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	**1,370.26**	538.81
Weighted average number of equity shares	**50,435,000**	50,435,000
Earnings per share from continuing operations - Basic	**2.72**	1.07

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

All amounts are in lakh unless otherwise stated

26. Disclosure of interest in Subsidiaries

(a) Details of the Company's subsidiary 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 31-Mar-2017	31-Mar-2016	1-Apr-2015	Quoted (Y/N)
Mahindra Residential Developers Limited	Development of Residential Unit	Chennai	100%	100%	100%	No

(b) Summarised financial information in respect of Company's subsidiary. The summarised financial information below represents amounts before intragroup eliminations.

Particulars	Mahindra Residential Developers Limited 31-Mar-2017	31-Mar-2016	1-Apr-2015
Current Assets	**11,103.72**	13,039.50	12,551.22
Non Current Assets	**602.86**	409.96	918.94
Current Liabilities	**2,695.75**	4,163.46	4,619.50
Non Current Liabilities	**–**	1.00	1.00
Equity Interest Attributable to the owners	**9,010.83**	9,285.00	8,849.66
Revenue	**1,315.20**	3,383.06	NA
Expenses	**1,589.38**	2,833.04	NA
Profit/(Loss) before tax for the year	**(274.18)**	550.02	NA
Profit/(Loss) after tax attributable to the owners of the Company	**(274.18)**	435.34	NA
Profit/(Loss) after tax attributable to the non controlling interest	**–**	–	NA
Net Cash Flow from operating activities	**(780.63)**	(1,316.74)	NA
Net Cash Flow from investing activities	**952.66**	1,079.71	NA
Net Cash Flow from financing activities	**94.52**	–	NA
Net Cash inflow (outflow)	**266.55**	(237.03)	NA

27. 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 debt divided by total equity. Total liabilities and total equity are based on the amounts stated in the financial statements.

The Company is not subject to externally enforced regulation.

Debt-to-equity ratio as of 31st March, 2017, 31st March, 2016 and 1st April, 2015 is as follows:

	31-Mar-2017	31-Mar-2016	1-Apr-2015
Debt (A)	**8,436.60**	9,658.85	8,470.00
Equity (B)	**9,307.86**	7,937.60	7,398.79
Debt Equity Ratio (A/B)	**0.91**	1.22	1.14

Categories of financial assets and financial liabilities

As at 31st March, 2017

Particulars	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	**6,629.48**	–	–	**6,629.48**
Other Financial Assets	**76.80**			**76.80**
Current Assets				
Trade Receivables	**553.13**	–	–	**553.13**
Cash and Cash equivalents	**247.81**	–	–	**247.81**
Other Financial Assets	**1,291.61**	–	–	**1,291.61**
	8,798.83	–	–	**8,798.83**
Non-current Liabilities				
Borrowings	**7,487.25**	–	–	**7,487.25**
Other Financial Liabilities	**318.55**	–	–	**318.55**
Current Liabilities				
Borrowings	**949.35**	–	–	**949.35**
Trade Payables	**2,038.32**	–	–	**2,038.32**
Other Financial Liabilities				–
- Non Derivative Financial Liabilities	**1,051.03**	–	–	**1,051.03**
	11,844.50	–	–	**11,844.50**

As at 31st March, 2016

Particulars	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	6,630.48	–	–	6,630.48
Other Financial Assets	87.18	–	–	87.18
Current Assets				
Trade Receivables	670.47	–	–	670.47

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

All amounts are in lakh unless otherwise stated

				As at 31st March, 2016
Particulars	Amortised Costs	FVTPL	FVOCI	Total
Cash and Cash equivalents	173.30	–	–	173.30
Other Financial Assets	225.58	-	-	225.58
	7,787.01	–	–	7,787.01
Non-current Liabilities				
Borrowings	7,482.52	–	–	7,482.52
Other Financial Liabilities	113.48	–	–	113.48
Current Liabilities				
Borrowings	2,176.33	–	–	2,176.33
Trade Payables	3,315.05	–	–	3,315.05
Other Financial Liabilities	669.99	–	–	669.99
	13,757.37	–	–	13,757.37

				As at 1st April, 2015
Particulars	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	6,630.48	–	–	6,630.48
Other Financial Assets	67.26	–	–	67.26
Current Assets				
Investments		–	–	–
Trade Receivables	1,288.38	–	–	1,288.38
Cash and Cash equivalents	985.07	–	–	985.07
Other Financial Assets	167.63	–	–	167.63
	9,138.82	–	–	9,138.82
Non-current Liabilities				
Borrowings	5,770.00	–	–	5,770.00
Other Financial Liabilities	–	–	–	–
Current Liabilities				
Borrowings	2,700.00	–	–	2,700.00
Trade Payables	4,827.59	–	–	4,827.59
Other Financial Liabilities	651.53	–	–	651.53
	13,949.12	–	–	13,949.12

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

The amount of trade receivable of residential business as appearing in the balance sheet of the company shows the amount due from the customers to whom the flat has not yet been handed over to him. 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 and not before that, since the flat is in the custody of the company and as per the terms of the agreement with the customer's, he/she can claim the right on the property only upon clearing of all the dues and proper handover of flat to him, company is not exposed to any credit loss risk. Further there has been no instance in past which shows that the company has handed over any unit to a customer with any dues pending from him and has exposed to a credit risk. In light of the above fact the company is not making any provision for expected credit loss.

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-2017				
Non-interest bearing				
Trade Payable	**2,038.32**	–	–	–
Other Current Financial Liabilities	**746.75**	–	–	–
Interest Accrued but not due	**304.93**	**318.55**		
Variable interest rate instruments				
Short term Borrowing-Principal	**949.35**	–	–	–
Fixed interest rate instruments				
Long Term Borrowing - Principal	–	**5,000.00**	**2,500.00**	
Total	**4,039.35**	**5,318.55**	**2,500.00**	–
31-Mar-2016				
Non-interest bearing				
Trade Payable	3,315.05	–	–	–
Other Current Financial Liabilities	363.32	–	–	–
Interest Accrued but not due	309.28	113.48		
Variable interest rate instruments				
Short term Borrowing-Principal	2,176.33	–	–	–
Fixed interest rate instruments				
Long Term Borrowing - Principal	–	2,500.00	5,000.00	
Total	6,163.98	2,613.48	5,000.00	–
1-Apr-2015				
Non-interest bearing				
Trade Payable	4,827.59	–	–	–
Interest Accrued but not due	505.34	–	–	–
Other Current Financial Liabilities	153.90	–	–	–
Variable interest rate instruments				
Short term Borrowing-Principal	2,700.00	–	–	–
Fixed interest rate instruments				
Long Term Borrowing - Principal	–	5,770.00	–	–
Total	8,186.83	5,770.00	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

All amounts are in lakh unless otherwise stated

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.

(iii) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

Particulars	31-Mar-2017	31-Mar-2016	1-Apr-2015
Secured Bank Overdraft facility			
- Expiring within one year..........................	**1,550.65**	1,423.67	–
Secured Bank Guarantee Limit (sub limit of CC Credit facility)			
- Expiring within one year	**50.00**	50.00	–
Secured Letter of Credit (sub limit of CC Credit facility)			
- Expiring within one year	**50.00**	50.00	–
	1,550.65	1,423.67	–

(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-2017				
Non-interest bearing				
Non Current Investment...	–	–	–	**6,629.48**
Trade Receivable	**553.13**	–	–	–
Cash and Cash equivalents	**247.81**	–	–	–
Other Non Current Financial Assets	–	–	–	**76.80**
Other Current Financial Assets...........................	**291.61**	–	–	–
Fixed interest rate instruments				
Short term loans	**1,000.00**	–	–	–
Total	**2,092.55**	–	–	**6,706.28**
31-Mar-2016				
Non-interest bearing				
Non Current Investment...	–	–	–	6,630.48
Trade Receivable	670.47	–	–	–
Cash and Cash equivalents	173.30	–	–	–
Other Non Current Financial Assets	–	–	–	87.18
Other Current Financial Assets...........................	225.58	–	–	–
Total	1,069.35	–	–	6,717.66
1-Apr-2015				
Non-interest bearing				
Non Current Investment...	–	–	–	6,630.48
Trade Receivable	1,288.38	–	–	–
Cash and Cash equivalents	985.07	–	–	–
Other Non Current Financial Assets				67.26
Other Current Financial Assets...........................	167.63	–	–	
Total	2,441.08	–	–	6,697.74

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 only in India Rupees and hence there is no risk of foreign exchange fluctuations.

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 80% 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 93% of the Company's borrowings are at a fixed rate of interest (31 March 2016: 77%, 1 April 2015: 68%).

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	(5.94)
	INR	–100	5.94
31-Mar-16	INR	+100	(10.76)
	INR	–100	10.76

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

All amounts are in lakh unless otherwise stated

28. Related party disclosures

Names of related parties and related party relationship

Related parties where control exists

a) Names of related parties and nature of relationship where control exists:	Mahindra & Mahindra Limited (Ultimate Holding Company) Mahindra Lifespace Developers Limited(Holding Company) Mahindra Residential Developers Limited(Wholly owned Subsidiary Company)
b) Fellow Subsidiaries with whom transactions have been entered during the Year	Mahindra World City Developers Limited (MWCDL) Mahindra Holidays & Resorts India Limited (MHRIL) Mahindra Logistics Limited(MLL)

c) Key Managerial Personnel		
Designation	**Name**	**With effect from**
Manager under the Companies Act	Jayant Manmadkar	21.01.2015
Company Secretary	Ankit Shah	16.10.2015

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:

(Previous year figures in brackets)

Nature of transactions with Related Parties	Ultimate Holding Company	Holding Company	Associate–MWCDL	MLL–Fellow Subsidiary	Subsidiary
Inter Corporate Deposit repaid	–	–	–	–	745.00
	–	–	–	(1,000.00)	(600.00)
Inter Corporate Deposit Given	–	–	2,000.00	–	–
	–	–	–	–	–
Inter Corporate Deposit refunded	–	–	1,000.00	–	–
	–	–	–	–	–
Term loan repaid	–	–	–	–	–
	–	(5,770.00)	–	–	–
Guarantee commission income	–	436.65	–	–	–
	–	(435.75)	–	–	–
Interest expense	–	–	–	–	89.59
	–	(287.63)	–	(57.86)	(159.60)
Interest Income	–	–	18.44	–	–
	–	–	–	–	–
Administration expenses billed	–	29.77	–	–	30.11
	–	(45.23)	–	–	(68.92)
Consultancy charges(Information Technology & Manpower Deputation Charges)	12.99	532.00	–	–	–
	(18.51)	(508.86)	–	–	–
Purchase of Materials and Services	–	–	4.73	–	–
	–	–	–	–	–
Reimbursement of expense-Received	–	2.01	–	–	–
	–	–	–	–	–
Rent, EB & Maintenance charges	–	–	286.90	–	–
	–	–	(321.36)	–	–
Marketing expenses	–	–	–	–	26.20
	–	–	–	–	(44.00)

(Previous year figures in brackets)

Nature of transactions with Related Parties	Ultimate Holding Company	Holding Company	Associate–MWCDL	MLL–Fellow Subsidiary	Subsidiary
Deposits made (Rent & Maintenance)	–	–	76.05	–	–
	–	–	(86.82)	–	–
Inter–corporate deposits payable	–	–	–	–	355.00
	–	–	–	–	(1,100.00)
Inter–corporate deposits Receivable	–	–	1,000.00	–	–
	–	–	–	–	–
Other Payables	25.52	321.94	4.92	–	–
	(0.08)	(318.76)	–	–	(44.00)
Other Receivables	–	–	–	–	11.70
	–	–	–	–	–
Interest payable on Inter Corporate Deposits	–	–	–	–	–
	–	–	–	–	(3.03)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

All amounts are in lakh unless otherwise stated

29. Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

Particulars	31-Mar-2017 Carrying amount	31-Mar-2017 Fair value	31-Mar-2016 Carrying amount	31-Mar-2016 Fair value	1-Apr-2015 Carrying amount	1-Apr-2015 Fair value
Financial assets						
Financial assets carried at Amortised Cost						
– investments in Equity	**6,629.48**	**6,629.48**	6,630.48	6,630.48	6,630.48	6,630.48
– loans to related parties	**1,000.00**	**1,000.00**	–	–	–	–
– trade and other receivables	**553.13**	**553.13**	670.47	670.47	1,288.38	1,288.38
– Loans/lease receivables	**135.50**	**135.50**	134.82	134.82	134.16	134.16
– deposits and similar assets	**232.91**	**232.91**	177.94	177.94	100.73	100.73
Total	**8,551.02**	**8,551.02**	7,613.71	7,613.71	8,153.75	8,153.75
Financial liabilities						
Financial liabilities held at amortised cost						
– Debentures	**7,487.25**	**7,487.25**	7,482.52	7,482.52	–	–
– loans from related parties	**355.00**	**355.00**	1,100.00	1,100.00	8,470.00	8,470.00
-Borrowings from bank	**594.35**	**594.35**	1,076.33	1,076.33	–	–
– trade and other payables	**3,407.90**	**3,407.90**	4,098.52	4,098.52	5,479.12	5,479.12
Total	**11,844.50**	**11,844.50**	13,757.37	13,757.37	13,949.12	13,949.12

Fair value hierarchy as at 31st March, 2017	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– investments in Equity	–	**6,629.48**	–	**6,629.48**
– loans to related parties	–	**1,000.00**	–	**1,000.00**
– trade and other receivables	–	**553.13**	–	**553.13**
– Loans/lease receivables	–	**135.50**	–	**135.50**
– deposits and similar assets	–	**232.91**	–	**232.91**
Total	–	**8,551.02**	–	**8,551.02**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– Debentures	–	**7,487.25**	–	**7,487.25**
– loans from related parties	–	**355.00**	–	**355.00**
-Borrowings from bank	–	**594.35**	–	**594.35**
– trade and other payables	–	**3,407.90**	–	**3,407.90**
Total	–	**11,844.50**	–	**11,844.50**

Fair value hierarchy as at 31st March, 2016	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– investments in Equity	–	6,630.48	–	6,630.48
– loans to related parties	–	–	–	–
– trade and other receivables	–	670.47	–	670.47
– Loans/lease receivables	–	134.82	–	134.82
– deposits and similar assets	–	177.94	–	177.94
Total	–	7,613.71	–	7,613.71

Fair value hierarchy as at 31st March, 2016	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial Instruments not carried at Fair Value				
– Debentures	–	7,482.52	–	7,482.52
– loans from related parties	–	1,100.00	–	1,100.00
-Borrowings from bank	–	1,076.33	–	1,076.33
– trade and other payables	–	4,098.52	–	4,098.52
Total	–	13,757.37	–	13,757.37

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 Equity	–	6,630.48	–	6,630.48
– loans to related parties	–	–	–	–
– trade and other receivables	–	1,288.38	–	1,288.38
– Loans/lease receivables	–	134.16	–	134.16
– deposits and similar assets	–	100.73	–	100.73
Total	–	8,153.75	–	8,153.75
Financial liabilities				
Financial Instruments not carried at Fair Value				
– Debentures	–	–	–	–
– loans from related parties	–	8,470.00	–	8,470.00
-Borrowings from bank	–	–	–	–
– trade and other payables	–	5,479.12	–	5,479.12
Total	–	13,949.12	–	13,949.12

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

All amounts are in lakh unless otherwise stated

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 31st March, 2016	As at 1st April, 2015
Equity as reported under previous GAAP	2,830.68	2,331.33
Ind AS: Adjustments increase (decrease):		
Ind-AS Securities Premium -NCD (Reversal -EIR on Borrowings)	37.51	
Inventorisation of Borrowing costs under IND AS	15.32	
Discounting effect of non Current Defect Liability Provision	8.00	16.25
Discounting effect of non Current Deferred assured rental liability	2.59	7.71
Equity as reported under IND AS	2,894.10	2,355.29

(ii) Reconciliation of Total Comprehensive Income for the year ended 31st March, 2016:

Particulars	Year Ended 31st March, 2016
Profit as per previous GAAP	499.35
Ind AS: Adjustments increase (decrease):	
Defect Liability Provision	(8.25)
Deferred assured rental liability	(5.12)
Effective Interest rate adjustment on Borrowings	37.51
Inventorisation of borrowing costs under IND AS	15.32
Total adjustment to profit or loss	39.46
Profit or Loss under Ind AS	538.81

Note: No statement of comprehensive income was produced under previous GAAP. Therefore the reconciliation starts with profit under previous GAAP.

iii) 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	Year ended 31st March, 2016 Previous GAAP	Ind AS Adjustments	Ind AS
Net cash flows from operating activities	(873.11)	75.95	(949.06)
Net cash flows from investing activities	(58.87)	0.09	(58.96)
Net cash flows from financing activities	120.21	(76.04)	196.25
Net increase (decrease) in cash and cash equivalents	(811.77)	–	(811.77)
Cash and cash equivalents at beginning of period	985.07	–	985.07
Cash and cash equivalents at end of period	173.30		173.30

31. Additional Information to the Financial Statements

i) Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

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 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.

ii) 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	–	0.12	0.12
(+) Permitted receipts	–	0.20	0.20
(-) Permitted payments	–	(0.28)	(0.28)
(-) Amount deposited in Banks	–	–	–
Closing Cash in hand as on 30.12.2016	–	0.04	0.04

32. 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.

33. Approval

The financial statements were approved for issue by the board of directors on 15th April, 2017.

Form AOC-I

Salient Features of financial statements of Subsidiary as per Companies Act, 2013

Name of the subsidiary	Mahindra Residential Developers Limited
The date since when subsidiary was acquired	01st February, 2008
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	NA
Share capital	25
Reserves & Surplus	8,985.82
Total assets	11,706.58
Total Liabilities	2,695.76
Investments	–
Turnover	1,217.52
Profit before taxation	(274.18)
Provision for taxation	–
Profit after taxation	(274.18)
Proposed Dividend	–
Extent of shareholding (in percentage)	**100%**

See accompanying notes forming part of Financial Statements

In terms of our report attached

For **A. F. Ferguson & Co.**
Chartered Accountants

Geetha Suryanarayanan
Partner

Place: Chennai
Date: 15th April, 2017

Chaitanya Cherukuri
Chief Financial Officer

Ankit Shah
Company Secretary
(ACS:26552)

For and on behalf of the board of directors

Anita Arjundas	Chairperson	(DIN: 00243215)
R Santhanam	Independent Director	(DIN: 00237740)
M S Jagan	Independent Director	(DIN: 02002827)
Sangeeta Prasad	Non-Executive Non-Independent Director	(DIN: 02791944)

Place: Mumbai
Date: 15th April, 2017

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their tenth report together with the audited financial statement of your Company for the year ended 31st March, 2017.

Financial Highlights

(` in lakh)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Total Income	**1,315.20**	*3,383.06*
Profit/(Loss) Before Depreciation, Finance Cost and Taxation	**(242.47)**	563.95
Less : Depreciation	**–**	–
Profit/(Loss) Before Finance Cost and Taxation	**(242.47)**	563.95
Less : Finance Cost	**31.71**	13.93
Profit/(Loss) Before Taxation	**(274.18)**	550.02
Less : Provision for Taxation	**–**	114.68
Profit/(Loss) for the year after Taxation	**(274.18)**	435.34
Add : Balance of Profit/(Loss) for earlier years	**3,824.67**	3,389.33
Dividend on preference and equity shares (including tax on distributed profits)	**–**	–
Transfer to Preference Share Redemption Reserve	**1.00**	0.00
Balance carried forward	**3,549.49**	3,824.67

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

With a view to conserve the resources of the Company for its growth plan, the Directors have not recommended dividend for Financial Year 2016-2017.

Reserves

Loss for the year has been carried forward to P & L account and ` 1 lakh amount has been transferred to Capital Redemption Reserves from retained earnings of earlier years.

Operations

The Company's project 'Aqualily' is a premium project within Mahindra World City, Chennai. Spread across 55 acres of land, the project offers villas and apartments with an estimated saleable area of 1.57 million square feet of which 1.51 million square feet has been launched. The Company has completed the construction of Villas and 3 Phases of apartments taking the total completed area under the project to 1.23 million square feet.

A new phase consisting of 196 units of 1BHK and Flexi apartments (2E) was launched during FY 2016-17. 78% of the total launched area in Aqualily has been sold as of 31st March 2017.

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

The Authorised share capital of the company is ` 50 lakh consisting of equity share capital of ` 45 lakhs and preference share capital of ` 5 lakh. The paid up equity capital is ` 25 lakh and paid up preference share capital is ` 1 lakh. The entire paid up equity share capital of the Company is held by Mahindra Integrated Township Limited. The preference share capital of ` 1 lakh comprising of 10,000 preference shares of face value ` 10 each held by Mahindra Integrated Township Limited, In accordance with the terms of redemptions, were duly redeemed by the Company on 21st July, 2016.

During the year, the Company has neither issued any shares (including equity shares with differential rights or any sweat equity share) nor granted employee stock options.

Non-Convertible Debentures

During the year, Company has not issued/allotted any non-convertible debentures.

Networth

The networth of the Company at the close of the previous financial year (FY 2015-16) and at the close of the current financial year (FY 2016-17) was ` 9,285.00 lakh and ` 9,010.82 lakh respectively.

Holding Company

The Company is a wholly owned subsidiary of Mahindra Integrated Township Limited and consequently a subsidiary company of the Mahindra Lifespace Developers Limited and of the ultimate holding company, Mahindra & Mahindra Limited.

During the year, no company became/ceased to be subsidiary/ associate or joint venture company of the Company. Therefore the requirements of consolidated financial statement are not applicable to the Company.

Board of Directors

As at 31st March, 2017, the Board of Directors comprise of following:

Name of Director	Designation
Ms. Sangeeta Prasad (DIN: 02791944)	Chairperson, Non-Executive Non-Independent Director
Mr. Raghunath Murti (DIN: 00082761)	Independent Director
Mr. Sanjay Jain (DIN: 06446899)	Independent Director
Mr. Sanjiv Kapoor (DIN: 00004005)	Independent Director
Mr. Jayantt Manmadkar (DIN: 03044559)	Non-Executive Non-Independent Director

Pursuant to Section 152 of the Companies Act, 2013, Ms. Sangeeta Prasad (DIN: 02791944), a Non-executive and Non-independent Director retires by rotation at the ensuing Annual General Meeting of the Company and being eligible has offered herself for re-appointment. Ms. Sangeeta Prasad is not disqualified from being re-appointed as a Director by virtue of the provisions of Section 164 of the Companies Act, 2013.

Pursuant to section 149(7) of the Act, declaration from the Independent Directors is received affirming their independent in accordance with the section 149(6) of the Act.

Key Managerial Personnel

As the Company does not meet criteria for the paid-up share capital, the provisions of the Companies Act, 2013 with respect to appointment of Key Managerial Personnel are currently not applicable to the Company.

Committees of the Board

- **Audit Committee**

  The Audit Committee comprises of two independent directors, namely Mr. Sanjay Jain, Mr. Raghunath Murti and one non-executive non-independent director, Mr. Jayantt Manmadkar. Mr. Sanjay Jain is the Chairman of the Committee. All members of the Audit Committee possess strong knowledge of accounting and financial management. The Chairperson and Statutory Auditors are regularly invited to attend the Audit Committee Meetings. The Board has accepted all recommendations of the Audit Committee made from time to time.

- **Corporate Social Responsibility (CSR) Committee**

  The CSR Committee comprises of one independent director, Mr. Raghunath Murti and two non-exeucitve non-independent directors, Ms. Sangeeta Prasad and Mr. Jayantt Manmadkar. Ms. Sangeeta Prasad is the Chairperson of the Committee.

  During the year, the company contributed ` 43 lakh towards Corporate Social Responsibility. The annual report on the CSR activities providing brief details on CSR policy and CSR initiatives undertaken by the Company during the year is attached herewith at **Annexure 1** to this Report.

- **Nomination and Remuneration Committee**

  The Nomination and Remuneration Committee comprise of two independent directors, namely Mr. Raghunath Murti and Mr. Sanjay Jain and two non-executive non-independent directors, Ms. Sangeeta Prasad and Mr. Jayantt Manmadkar. Mr. Raghunath Murti is the Chairman of the Committee.

  The following policies of the Company on appointment of Directors and Senior Management and remuneration of Directors and Key Managerial Personnel and Employees, as required under 178(3) of the Companies Act, 2013 is attached herewith and marked as **Annexure 2**, **Annexure 3** and **Annexure 4**, respectively to this report:

  1. Policy on appointment of Directors and Senior Management **(Annexure 2)**
  2. Policy on remuneration of Directors **(Annexure 3)**
  3. Policy on remuneration of Key Managerial Personnel and Employees **(Annexure 4)**

Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013, evaluation of every Director's performance was done by Nomination and Remuneration Committee. The performance evaluation of Non-Independent Directors and the Board as a whole, Committees thereof, and Chairperson of the Company was carried out by Independent Directors. Evaluation of Independent Directors was carried out by the entire Board of Directors, excluding the Director being evaluated. Structured questionnaires, covering various aspects of the evaluation such as adequacy of the size and composition of the Board with regard to skill, experience, independence, diversity, attendance and adequacy of time given by the Directors to discharge their duties; corporate governance practices, etc. were circulated to the Directors for the evaluation process. The Directors expressed their satisfaction with the evaluation process.

Meeting of Independent Directors

The Independent Directors of the Company met once without the presence of the Non- Independent Directors or any other Management Personnel. The Meeting was conducted to enable the Independent Directors to discuss matters pertaining to, inter alia, review of performance of Non- Independent Directors and the Board as a whole, assess the quality, quantity and timelines of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Meetings

During the year, four (4) meetings of the Board of Directors were convened and held on following dates:

13th April, 2016, 21th July 2016, 20th October, 2016 and 18th January, 2017.

During the year, four (4) meetings of the Audit Committee were convened and held on the following dates :

13th April, 2016, 21st July, 2016, 20th October, 2016 and 18th January, 2017.

During the year, one (1) meeting of Nomination & Remuneration Committee was convened and held on 13th April, 2016.

During the year, four (4) meetings of the Corporate Social Responsibility Committee were convened and held on 13th April, 2016, 21st July, 2016, 20th October 2016 and 18th January, 2017.

The details of the number of meetings of the Board and the Committees thereof attended by the respective members of the Board/Committees are given below :

Sr. no.	Name of the Director	No of Board meetings attended	No. of Audit Committee meetings attended	No. of Nomination & Remuneration Committee meetings attended	No. of CSR Committee meetings attended
1.	Sangeeta Prasad	4	–	1	4
2.	Jayantt Manmadkar	4	4	1	4
3.	Sanjiv Kapoor	3	–	–	–
4.	Sanjay Jain	4	4	1	–
5.	Raghunath Murti	4	4	1	4

The previous Annual General Meeting was held on 15th July 2016.

Code of Conduct

The Company had adopted Code of Conduct ("the Code/s") for its Directors, Independent Directors, Senior Management and employees. These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and wood 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, Independent Directors 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 have 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. The Audit Committee of the Board reviews the internal control systems with the auditors.

Vigil Mechanism/Whistle Blower Mechanism

The Company has established a vigil mechanism by adopting a Whistle Blower Policy for Directors and employees to report genuine concerns in the prescribed manner. The vigil mechanism is overseen by the Audit Committee and provides adequate safeguards against victimisation of employees and Directors. Whistle Blower Policy is a mechanism to address any complaint(s) related to fraudulent transactions or reporting intentional non-compliance with the Company's policies and procedures and any other questionable accounting/operational process followed. It provides a mechanism for employees to approach the Chairman of Audit Committee or Chairman of the Company. During the year, no such incidence was reported and no personnel were denied access to the Chairman of the Audit Committee or Chairman of the Company. The Whistle Blower Policy of the Company is available attached herewith as **Annexure 5**.

Risk Management

The Company already has in place the procedure to inform the Board about the risk assessment and minimisation procedures. The Company has appropriate risk management systems in place for identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring and reporting. The Board reviews implementation and monitoring of the risk management plan for the Company including identification therein of elements of risks, if any, which in the opinion of the Board may threaten the existence of the Company.

Auditors

At the 7th Annual General Meeting held on 22nd July 2014 M/s. Deloitte Haskins & Sells., Chartered Accountants (Reg No: 008072S), Chennai, were appointed as Auditors for a term of 5 consecutive years from the conclusion of the 7th Annual General Meeting till the conclusion of the 12th Annual General Meeting to be held in the calendar year 2019. Pursuant to Section 139(1) of the Companies Act, 2013, the Company shall place the matter relating to appointment of auditors for ratification by members at every Annual General Meeting. Accordingly, the members are requested to ratify the appointment of Statutory Auditors from the conclusion of the 10th Annual General Meeting till the conclusion of the 12th Annual General Meeting to be held in 2019.

As required under the provisions of Section 139 and 141 of the Companies Act, 2013, the Company has received a written consent from M/s. Deloitte Haskins & Sells., Chartered Accountants, Chennai, proposed to be re-appointed as Auditors, that their appointment if made, would be in conformity within the limits specified in the said Section.

The Auditor's Report does not contain any qualification, reservation or adverse remark and therefore does not call for any further comments.

The requirements of having secretarial auditor and cost auditor are presently not applicable to the Company.

Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013

As the Company is engaged in the business of 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. However, the details of the loans and advances are provided in the financial statement at note no. 3.

During the year, there are no investment made by the Company attracting the provision of section 186 of the Companies Act, 2013.

Contracts and Arrangements with Related Parties

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract/arrangement with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 which could be considered material. Accordingly, the disclosure of related party transaction to be provided under section 134(3)(h) of the Companies Act, 2013, in form AOC-2 is not applicable to the Company.

Deposits, Loan and Advances

During the year, the 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 Lifespace Developers Limited.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as per Section 134(3) (m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 during the year are given in the prescribed format in the **Annexure 6** to this report.

Employee Remuneration

Being an unlisted company, the details of employee remuneration as required under Section 197 (12) of the Companies Act, 2013 read with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to the company.

Extract of Annual Return

The details forming part of the extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 is included in this Report as **Annexure 7** and forms part of this Report.

Safety, Health and Environmental Performance

The Company's commitment towards safety, health and environment is being continuously enhanced and persons working are well informed on safety, health and measure to reduce energy consumption.

Sustainability

The Company continues with its journey on sustainable development with conscious efforts to minimize the environmental impact caused by its operations and simultaneously taking responsibility to enable communities to Rise without losing focus on economic performance.

General

- During the year, there were no cases filed/reported pursuant to the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013.
- No 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 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, should 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 would like to thank all shareholders, customers, bankers, contractors and suppliers of the Company for the support received from them during the year.

For and on behalf of the Board,

Sangeeta Prasad
Chairperson
DIN : 02791944

Mumbai, 12th April, 2017

ANNEXURE 1

THE ANNUAL REPORT ON CSR ACTIVITIES

1. **A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs**

   The company has the mission of: 'Transforming Urban landscapes by creating sustainable communities'. The path towards transformation calls for building on our strengths to embrace and drive change. In addition to the past investments in CSR initiatives which are mostly in the areas of education, public health and environment, which also include sustainability initiatives to reduce energy and resource use. This is reflected in Mahindra Group's 'Core Purpose' to "challenge conventional thinking and innovatively use all our resources to drive positive change in the lives of our stakeholders and communities across the world, to enable them to Rise". We undertake to endeavour for inclusive development at all our project locations to help the communities that live around these projects prosper in all walks of life.

2. **The composition of the CSR Committee**

   The CSR Committee of the Company comprise of Ms. Sangeeta Prasad (Chairperson), Mr. Raghunath Murti, Independent Director and Mr. Jayantt Manmadkar, Non-executive Non-Independent Director.

3. **Average net profit of the company for last three financial years.**

   The average net profit of the Company for the last three financials years- ` 21.60 Crores

4. **Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)**

   Prescribed CSR Spend (2% of above amount) - ` 0.43 Crore

5. **Details of CSR spent during the financial year:**

   a. Total amount to be spent for the financial year: ` 0.43 Crore

   b. Amount unspent, if any: Nil

   c. Manner in which the amount spent during the financial year is detailed below,

(Amount in `)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. no.	**CSR project of activity identified**	**Sector in which the project is covered**	**Projects (1) Local area or other (2) Specify the State and district where projects or programs was undertaken**	**Amount outlay (budget) project or programs wise**	**Amount spent on the projects: (1) Direct expenditure on projects or programs (2) Overhead**	**Cumulative expenditure upto the reporting period**	**Amount spent: Direct or through implementing agency**
1.	Nanhi Kali	Education	Varanasi, Uttar Pradesh	2,160,000	Direct expenditure - 2,160,000	2,160,000	Implementing Agency: KC Mahindra Education Trust
2.	Support Schools	Education	Kancheepuram, Tamil Nadu	600,000	Direct expenditure - 600,000	600,000	World vision
3.	Supporting PHC and water	Health	Kancheepuram, Tamil Nadu	600,000	Direct expenditure - 600,000	600,000	World vision
4.	Public park	Environment	Kancheepuram, Tamil Nadu	440,000	Direct expenditure - 440,000	440,000	World vision

(Amount in `)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. no.	**CSR project of activity identified**	**Sector in which the project is covered**	**Projects (1) Local area or other (2) Specify the State and district where projects or programs was undertaken**	**Amount outlay (budget) project or programs wise**	**Amount spent on the projects: (1) Direct expenditure on projects or programs (2) Overhead**	**Cumulative expenditure upto the reporting period**	**Amount spent: Direct or through implementing agency**
5.	Tree plantation	Environment	Kancheepuram, Tamil Nadu	100,000	Direct expenditure - 100,000	100,000	World vision
6.	Swachh Bharat Initiative	Environment	Kancheepuram, Tamil Nadu	300,000	Direct expenditure - 300,000	300,000	World vision
7.	Capacity Building & Income Generation of Self Help Group (SHG)	Others	Kancheepuram, Tamil Nadu	100,000	Direct expenditure - 100,000	100,000	World vision

6. **In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.**

   The Company has spent all the amounts reserved for CSR activities i.e. 2% of average net profit for the last three financial years.

7. **A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy is in compliance with CSR objectives and Policy of the Company**

   The implementation and monitoring of CSR policy is in compliance with CSR objectives and Policy of the Company.

Sangeeta Prasad (Chairperson of Board and CSR Committee) Mumbai, 12th April, 2017	**Jayant Manmadkar** (Member of CSR Committee) Mumbai, 12th April, 2017

ANNEXURE 2 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2017

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT

A. DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

"Board" means Board of Directors of the Company.

"Company" means Mahindra Residential Developers Limited.

"**Committee(s)**" means Committees of the Board for the time being in force.

"**Employee**" means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

"**HR**" means the Human Resource department of the Company.

"**Key Managerial Personnel**" (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

(i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)

(ii) Chief Financial Officer (CFO); and

(iii) Company Secretary (CS).

"**Nomination and Remuneration Committee**" (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

"**Senior Management**" means personnel of the Company who are/will be members of its Core Management Team/ Executive Council excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

B. APPOINTMENT OF DIRECTORS

1. The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and also independence of director when ID is to be appointed:

   a. All Board appointments will be based on merit, in the context of the skills, experience, diversity, and knowledge, for the Board as a whole to be effective.

   b. Ability of the candidates to devote sufficient time and attention to his/her professional obligations as Director for informed and balanced decision making.

   c. Adherence to the applicable Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Directors.

2. Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman or Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act, 2013 and Rules made thereunder.

C. REMOVAL OF DIRECTORS

1. If a Director is attracted with any disqualification as mentioned in any of the applicable Act, Rules and Regulations thereunder or due to non - adherence to the applicable policies of the Company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

D. SENIOR MANAGEMENT PERSONNEL

1. The NRC shall identify persons based on merit, experience and knowledge who may be appointed in senior management team.

2. Senior Management personnel are appointed or promoted and removed/relieved with the authority of Managing Director & CEO based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

For and on behalf of the Board,

Sangeeta Prasad
Chairperson
DIN : 02791944

Mumbai, 12th April, 2017

ANNEXURE 3

POLICY FOR REMUNERATION OF THE DIRECTORS

A. PURPOSE

This Policy sets out the approach to Compensation of Directors in Mahindra Residential Developers Limited.

B. POLICY STATEMENT

We have a well-defined Compensation policy for Directors including the Chairman of the Company. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

C. NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC may consider deem fit for determining the compensation.

The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

D. EXECUTIVE DIRECTORS:

The remuneration to Executive Director(s) shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually/half yearly by the NRC based on their performance.

The remuneration involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

The Company may also grant Stock Options to the Directors (other than Independent Directors and Promoter) in accordance with the ESOP Scheme of the Company, if any, and subject to the compliance of the applicable statutes and regulations.

For and on behalf of the Board,

Sangeeta Prasad
Chairperson
DIN : 02791944

Mumbai, 12th April, 2017

ANNEXURE 4

POLICY ON REMUNERATION OF KEY MANAGERIAL PERSONNEL AND EMPLOYEES

This Policy is effective from the financial year 2014 - 15.

Objective

To establish guidelines for remunerating employees fairly and in keeping with Statutes.

Standards

- All employees, irrespective of contract, are to be remunerated fairly and the remuneration is to be externally competitive and internally equitable. The remuneration will be paid in accordance with the laid down Statutes.
- Remuneration for on-roll employees will include a fixed or guaranteed component payable monthly; and a variable component which is based on performance and paid annually in the month of July following the fiscal.
- The fixed component of remuneration will have a flexible component with a bouquet of allowances to enable an employee to choose the allowances as well as the quantum based on laid down limits as per Company policy. The flexible component can be varied only once annually in the month of July i.e. after the salary increment exercise.
- The variable component of the remuneration will be a function of the employee's grade.
- The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRA). Both the BSC and KRAs are evaluated at the end of the fiscal to arrive at the BSC rating of the business and PPS rating of the individual.
- An annual compensation survey is carried out to ensure that the Company's compensation is externally competitive. Based on the findings of the survey and the business performance, the Sector Talent Council decides:
  a. The increment that needs to be paid for different performance ratings as well as grades.
  b. The increment for promotions and the total maximum increment.
  c. The maximum increase in compensation cost in % and absolute.
- Compensation corrections are made in a few cases where it is outside the band or to keep it tune with the market.

For and on behalf of the Board,

Sangeeta Prasad
Chairperson
DIN : 02791944

Mumbai, 12th April, 2017

ANNEXURE 5

WHISTLE BLOWER POLICY

1. The Whistle Blower Policy is effective from 1st April 2014.

2. Preface

Mahindra Residential Developers Limited (MRDL) ("the Company") is committed to conducting its business in accordance with applicable laws, rules and regulations and the highest standards of business ethics, honesty, integrity and ethical conduct. Towards this end, the Company has adopted three separate Codes of Conduct viz. for Directors, for Independent Directors and for Senior Management and Employees (collectively referred to as "Codes" or "the Codes") and various Policies under the helm of Corporate Governance which inter alia include Policy on Disaster Management, Environment & Pollution, Human Resources, Insider Trading, Investor Relations, etc. (collectively referred to as "Policies") which lays down the principles and standards that should govern the actions of the Company and its Employees. Any actual or potential violation of the Code/Policies, howsoever insignificant or perceived as such, would be a matter of serious concern for the Company. The role of the Employees/Directors in pointing out such violations of the Code/Policies cannot be undermined.

Further, as per the provisions of sub-section 9 of section 177 of Companies Act. 2013 ("the Act" or "Act"), the company has been mandated to establish a vigil mechanism for directors and employees of the company to report to the Management, instances of unethical 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,

Sangeeta Prasad
Chairperson
DIN : 02791944

Mumbai, 12th April, 2017

ANNEXURE 6

1. Conservation of energy:

(i)	the steps taken or impact on conservation of energy;	:	As a part of sustainable development adequate measures have been initiated to reduce energy consumption. With respect to providing an Energy Efficient final product to its customers, the Company is developing Green Building. Green building increases the resource efficiency (energy, water and materials), while reducing impacts on human health and the environment, through better selection of sites, design, construction, operation, maintenance, and demolition i.e. the complete building life cycle. Steps taken for energy conservation: 1. Energy efficient building envelops for walls and roofs 2. Solar water heating system 3. Heat Reflective paint 4. Adoption of solar street lighting for landscape areas 5. Adoption of highly efficient pumps, motors 6. Group control mechanism for lifts 7. 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 LED’s

2. TECHNOLOGY ABSORPTION

(i)	the efforts made towards technology absorption	:	The Company has adopted various alternate materials, methods during the year which includes use of Vinyl flooring, Rubber flooring, Fiber based concrete, Pre-cut and pre-polished door shutters.
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	:	Process improvement, Product Improvement
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	:	–
(iv)	the expenditure incurred on Research and Development	:	–

3. Foreign exchange Outgo

During the year, details of Foreign Exchange earnings is NIL and the Foreign Exchange outgo in terms of actual outflows is ` 7.33 lakh.

For and on behalf of the Board,

Sangeeta Prasad
Chairperson
DIN : 02791944

Mumbai, 12th April, 2017

ANNEXURE 7

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	U45200TN2008PLC066292
2.	Registration Date	01.02.2008
3.	Name of the Company	Mahindra Residential Developers Limited
4.	Category/Sub-Category of the Company	Company limited by shares/Indian Non-Government Company
5.	Address of the Registered office and contact details	Administrative Block, Central Avenue, Mahindra World City, Natham Sub(PO), Chengalpet, Kacheepuram, Tamilnadu, India – 603002. Tel: +91 44 67455001
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	–

2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product*	% to total turnover of the Company#
1.	Construction of Buildings	410	100

*** As per National Industrial Classification- Ministry of Statistics and Programme Implementation**

 # on the basis of Gross Turnover

3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/Subsidiary /Associate	% of shares held	Applicable Section
1	Mahindra Integrated Township Limited Address: Administrative Block, Central Avenue, Mahindra World City, Natham Sub(PO), Chengalpet, Kacheepuram, Tamilnadu, India – 603002.	U74140TN1996PLC068288	Holding Company	100	2(46)
2	Mahindra Lifespace Developers Limited Address: Mahindra Towers, 5th Floor, Dr G M Bhosale Marg, Worli, Mumbai 400 018	L45200MH1999PLC118949	Intermediate Holding Company	–	2(46)
3	Mahindra and Mahindra Limited Address: Gateway Building, Apollo, Bunder, Mumbai – 400 001	L65990MH1945PLC004558	Ultimate Holding Company	–	2(46)

4. SHAREHOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total isuued shares	Demat	Physical	Total	% total isuued shares	
A. Promoters									
(1) **Indian**									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total isuued shares	Demat	Physical	Total	% total isuued shares	
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	250,000	250,000	100	–	250,000	250,000	100	–
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A)(1):-	–	250,000	250,000	100	–	250,000	250,000	100	–
(2) **Foreign**									
a) NRI-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)	–	**250,000**	**250,000**	**100**	–	**250,000**	**250,000**	**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 ` 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 isuued shares	Demat	Physical	Total	% total isuued shares	
ii) Individual shareholders holding nominal share capital in excess of ` 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (Non Resident Individuals)	–	–	–	–	–	–	–	–	–
d) Others Trust	–	–	–	–	–	–	–	–	–
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)	**–**	**250,000**	**250,000**	**100**	**–**	**250,000**	**250,000**	**100**	**–**

(ii) Shareholding of Promoters (Equity)

Sl. No.	Shareholders Name	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1.	Mahindra Integrated Township Limited	249,930	100	–	249,930	100	–	–
2.	Mahindra Integrated Township Limited and Ms. Anita Arjundas	10	0.00	–	10	0.00	–	–
3.	Mahindra Integrated Township Limited and Mr. S. Chandru	10	0.00	–	–	–	–	–
4.	Mahindra Integrated Township Limited and Ms. K. Bharathy	10	0.00	–	–	–	–	–
5.	Mahindra Integrated Township Limited and Mr. Vivek Sharma	–	–	–	10	0.00	–	–
6.	Mahindra Integrated Township Limited and Mr. Jayant Manmadkar	10	0.00	–	10	0.00	–	–
7.	Mahindra Integrated Township Limited and Mr. R. Eswaran	10	0.00	–	10	0.00	–	–
8.	Mahindra Integrated Township Limited and Mr. K. Shyam Sundar	10	0.00	–	10	0.00	–	–

Sl. No.	Shareholders Name	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
9.	Mahindra Integrated Township Limited and Ms. Sangeeta Prasad	10	0.00	–	10	0.00	–	–
10.	Mahindra Integrated Township Limited and Mr. Ulhas Bhosale	–	–	–	10	0.00	–	–
	Total	**250,000**	**100**	–	**250,000**	**100**	–	–

(iii) Change in Promoters' Shareholding (please specify, if there is no change): There is no change in the shareholding of the promoters. However, during the year, 10 shares held by Mahindra Integrated Township Limited (MITL) jointly with Ms. K Bharathy were transferred to MITL jointly with Mr. Ulhas Bhosale and 10 shares held by MITL jointly with Mr. S Chandru were transferred to MITL jointly with Mr. Vivek Sharma.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): Nil

(v) Shareholding of Directors and Key Managerial Personnel:

For each of Directors	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the company	No. of shares	% of total shares of the company
Sangeeta Prasad – Director* At the beginning of the year	10	0.00	10	0.00
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	–	–	–	–
At the End of the year	10	0.00	10	0.00

* ***Jointly held with Mahindra Integrated Township Limited (first shareholder).***

5. INDEBTEDNESS

Indebtedness of the company including outstanding/accrued but not due for payment

(` in lakh)

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

(` in lakh)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Change in Indebtedness during the financial year				
• Addition	317.24	NIL	NIL	317.24
• Reduction	190.01	NIL	NIL	190.01
Net Change	127.23	NIL	NIL	127.23
Indebtedness at the end of the financial year				
i) Principal Amount	127.23	NIL	NIL	127.23
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	127.23	NIL	NIL	127.23

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
1.	Independent Directors	**Raghunath Murti**	**Sanjay Jain**	**Sanjiv Kapoor**	
	• Fee for attending board/committee meetings	1.30	1.30	0.60	3.2
	• Commission	Nil	Nil	Nil	Nil
	• Others, please specify	Nil	Nil	Nil	Nil
	Total (1)	**1.30**	**1.30**	**0.60**	**3.2**
2.	Other Non-Executive Directors	Nil	Nil	Nil	Nil
	• Fee for attending board/committee meetings	Nil	Nil	Nil	Nil
	• Commission	Nil	Nil	Nil	Nil
	• Others, please specify	Nil	Nil	Nil	Nil
	Total (2)	**Nil**	**Nil**	**Nil**	**Nil**
	Total (B)=(1+2)	**1.30**	**1.30**	**0.60**	**3.20**
	Total (A)	N.A.	N.A.	N.A.	N.A.
	Total Managerial Remuneration	Nil	Nil	Nil	Nil
	Overall Ceiling as per the Act	N.A.	N.A.	N.A.	N.A.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MANAGING DIRECTOR/MANAGER/WHOLE TIME DIRECTOR: NOT APPLICABLE

7. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/Court]	Appeal made, if any (give details)
A. Company					
Penalty					
Punishment			**None**		
Compounding					
B. Directors					
Penalty					
Punishment			**None**		
Compounding					
C. Other Officers in Default					
Penalty					
Punishment			**None**		
Compounding					

For and on behalf of the Board,

Sangeeta Prasad
Chairperson
DIN : 02791944

Mumbai, 12th April, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
MAHINDRA RESIDENTIAL DEVELOPERS LIMITED

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **MAHINDRA RESIDENTIAL DEVELOPERS 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 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, its branches and joint operations which are companies incorporated in India 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 24 to the Ind AS financial statements);
      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts; the company 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. (Refer Note 29 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.008072S)

Geetha Suryanarayanan
(Partner)
(Membership No. 29519)

Place: Chennai
Date: 12th April, 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 RESIDENTIAL DEVELOPERS 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, 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 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: 12th 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) The Company does not have any fixed assets and hence reporting under clause (i) of CARO 2016 is not applicable.

(ii) In our opinion and according to the information and explanations given to us, having regard to the nature of inventory, the physical verification by way of verification of lease deeds, physical verification of materials, site visits by the Management and certification of extent of work completion by competent persons, are at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. There were no unclaimed deposits 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 Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.

(c) The details of dues of Income Tax which have not been deposited as on March 31, 2017 on account of disputes are given below:

Name of the Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved	Amount Unpaid
				(₹ in lakh)	
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	AY 2012-13	393.42	116.19
		Commissioner of Income Tax - Appeals	AY 2013-14	368.44	47.61
			AY 2014-15	1,810.72	809.17

(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 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 not paid / provided any managerial remuneration.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 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: 12th April, 2017

BALANCE SHEET AS AT 31ST MARCH, 2017

Particulars	Note	As at 31st March, 2017 ` in lakh	As at 31st March, 2016 ` in lakh	As at 1st April, 2015 ` in lakh
I ASSETS				
NON-CURRENT ASSETS				
(a) Financial Assets				
(i) Other Financial Assets	3	**23.84**	23.84	573.84
(b) Other Non-current Assets	4	**579.02**	386.12	345.10
Total Non-Current Assets		**602.86**	409.96	918.94
CURRENT ASSETS				
(a) Inventories	5	**8,386.07**	8,960.79	7,656.80
(b) Financial Assets				
(i) Trade Receivables	6	**226.10**	311.46	406.49
(ii) Cash and Cash Equivalents	7	**339.54**	72.99	310.02
(iii) Other Financial Assets	3	**539.75**	1,417.95	1,857.51
(c) Other Current Assets	4	**1,612.26**	2,276.31	2,320.40
Total Current Assets		**11,103.72**	13,039.50	12,551.22
Total Assets		**11,706.58**	13,449.46	13,470.16
II EQUITY AND LIABILITIES				
EQUITY				
(a) Equity Share Capital	8	**25.00**	25.00	25.00
(b) Other Equity	9	**8,985.82**	9,260.00	8,824.66
Total Equity		**9,010.82**	9,285.00	8,849.66
LIABILITIES				
NON-CURRENT LIABILITIES				
Financial Liabilities				
Borrowings	10	**–**	1.00	1.00
Total Non-Current Liabilities		**–**	1.00	1.00
CURRENT LIABILITIES				
(a) Financial Liabilities				
(i) Borrowings	11	**127.23**	–	–
(ii) Trade Payables	12	**1,832.42**	3,647.40	3,616.46
(iii) Other Financial Liabilities	13	**397.04**	266.16	176.56
(b) Provisions	14	**110.09**	167.10	156.06
(c) Other Current Liabilities	15	**228.98**	82.80	670.42
Total Current Liabilities		**2,695.76**	4,163.46	4,619.50
Total Liabilities		**2,695.76**	4,164.46	4,620.50
Total Equity & Liabilities		**11,706.58**	13,449.46	**13,470.16**

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: 12th April, 2017

For and on behalf of the Board of Directors

Sangeeta Prasad	Chairperson	(DIN: 02791944)
Raghunath Murti	Independent Director	(DIN: 00082761)
Sanjay Jain	Independent Director	(DIN: 06446899)
Sanjiv Kapoor	Independent Director	(DIN: 00004005)
Jayantt Manmadkar	Non-Executive, Non-Independent Director	(DIN: 03044559)

Place: Mumbai
Date: 12th April, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	Note	**Year ended 31st March, 2017 ` in lakh**	Year ended 31st March, 2016 ` in lakh
INCOME			
Revenue from operations	16	**1,217.52**	3,139.92
Other income	17	**97.68**	243.14
Total Income		**1,315.20**	3,383.06
EXPENSES			
Operating Expenses- Cost of Sales	18	**904.36**	2,216.75
Finance costs	19	**317.10**	13.93
Other expenses	20	**653.31**	602.36
Total Expenses		**1,589.38**	2,833.04
(Loss)/Profit before tax		**(274.18)**	550.02
Tax expense			
Current tax	21	**–**	114.68
Deferred tax		**–**	–
Total tax expense		**–**	114.68
(Loss)/Profit after tax for the Year		**(274.18)**	435.34
Earnings per equity share (of face value ` 10/-each):			
Basic/Diluted (in `)	**23**	**(109.67)**	174.14

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: 12th April, 2017

For and on behalf of the Board of Directors

Sangeeta Prasad	Chairperson	(DIN: 02791944)
Raghunath Murti	Independent Director	(DIN: 00082761)
Sanjay Jain	Independent Director	(DIN: 06446899)
Sanjiv Kapoor	Independent Director	(DIN: 00004005)
Jayantt Manmadkar	Non-Executive, Non-Independent Director	(DIN: 03044559)

Place: Mumbai
Date: 12th April, 2017

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	Year ended 31st March, 2017 ` in lakh	Year ended 31st March, 2016 ` in lakh
Cash flows from operating activities		
(Loss)/Profit before tax for the year	**(274.18)**	550.02
Adjustments for:		
Finance costs recognised in profit or loss	**31.71**	–
Investment income recognised in statement of profit or loss	**(90.37)**	(200.52)
Movements in working capital:		
Increase in trade and other receivables	**85.36**	95.03
Decrease/(Increase) in amounts due from customers under construction	**329.61**	(92.00)
Decrease/(Increase) in inventories	**574.72**	(1,303.99)
Decrease/(Increase) in other assets	**334.44**	136.09
Decrease/(Increase) in other Financial Assets	**15.91**	110.37
(Decrease)/increase in trade and other payables	**(1,814.97)**	30.94
(Decrease)/increase in other liabilities	**192.21**	(62.86)
(Decrease)/increase in deferred revenue	**84.85**	(435.16)
(Decrease)/increase) in provisions	**(57.01)**	11.04
Cash used in operations	**(587.72)**	(1,161.04)
Income taxes paid	**(192.90)**	(155.70)
Net cash used in operating activities	**(780.62)**	(1,316.74)
Cash flows from investing activities		
Interest received	**93.40**	193.26
Other dividends received	**–**	4.57
Bank balances not considered as Cash and Cash Equivalents	**114.26**	(268.12)
Repayment of Inter-corporate deposits by related parties	**745.00**	1,150.00
Net cash generated by investing activities	**952.66**	1079.71
Cash flows from financing activities		
Repayment of borrowings	**(1.00)**	–
Short term Borrowings taken	**127.23**	–
Interest paid	**(31.71)**	–
Net cash from financing activities	**94.52**	–
Net increase/(decrease) in cash and cash equivalents	**266.56**	(237.03)
Cash and cash equivalents at the beginning of the year	**72.99**	310.02
Cash and cash equivalents at the end of the year	**339.55**	72.99
Reconciliation of Cash and Cash Equivalents with the Balance Sheet	**339.54**	72.99
Less: Bank balances not considered as Cash and Cash Equivalents (Earmarked balances).	**–**	–
Total Cash and Cash Equivalents (Note no.7)	**339.54**	72.99

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: 12th April, 2017

For and on behalf of the Board of Directors

Sangeeta Prasad	Chairperson	(DIN: 02791944)
Raghunath Murti	Independent Director	(DIN: 00082761)
Sanjay Jain	Independent Director	(DIN: 06446899)
Sanjiv Kapoor	Independent Director	(DIN: 00004005)
Jayantt Manmadkar	Non-Executive, Non-Independent Director	(DIN: 03044559)

Place: Mumbai
Date: 12th April, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2017

All amounts are in lakh unless otherwise stated

A. EQUITY SHARE CAPITAL

	Amount ` in lakh
AS AT 1ST APRIL, 2015	25.00
Changes in equity share capital during the year	–
AS AT 31ST MARCH, 2016	25.00
Changes in equity share capital during the year	–
AS AT 31ST MARCH, 2017	25.00

B. OTHER EQUITY

Particulars	Securities Premium Reserve	Capital Redemption Reserve	Ind AS Transition Reserve	Retained Earnings	Total
Balance As at 1st April, 2015	5,435.33	–	36.55	3,352.78	8,824.66
Profit/(Loss) for the period	–	–	–	435.34	435.34
Other Comprehensive Income/(Loss) for the year net of income tax	–	–	–	–	–
Total Comprehensive Income for the year	–	–	–	435.34	435.34
Balance As at 31st March, 2016	5,435.33	–	36.55	3,788.12	9,260.00
Profit/(Loss) for the period	–	–	–	(274.18)	(274.18)
Other Comprehensive Income/(Loss) for the year net of income tax	–	–	–	–	–
Total Comprehensive Income for the year	–	–	–	(274.18)	(274.18)
Transfer to Capital Redemption Reserve	–	1.00	–	(1.00)	–
Balance As at 31st March, 2017	**5,435.33**	**1.00**	**36.55**	**3,512.94**	**8,985.82**

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: 12th April, 2017

For and on behalf of the Board of Directors

Sangeeta Prasad	Chairperson	(DIN: 02791944)
Raghunath Murti	Independent Director	(DIN: 00082761)
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Sanjiv Kapoor	Independent Director	(DIN: 00004005)
Jayantt Manmadkar	Non-Executive, Non-Independent Director	(DIN: 03044559)

Place: Mumbai
Date: 12th April, 2017

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

1. General Information

The Company was incorporated on February 1, 2008.

The Company is a Co-developer approved under Special Economic Zone Act, 2005, engaged in development of residential infrastructure in Mahindra World City SEZ and giving it on perpetual lease. Accordingly the Company is entitled to a 100% deduction of its income under the Income Tax Act, 1961 up to Assessment year 2019-20. The level of activity carried out by the Company depends on the number of projects handled and accordingly the revenue from operations may not be comparable on a year-to-year basis.

2. Significant Accounting Policies

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.

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 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. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

2.4.1 Construction contracts

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 consolidated 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

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 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 measured based on the proportion of costs incurred for rendering of the service to date relative to the estimated total costs, except where this would not be representative of the stage of completion.

2.4.3 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;

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

- 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.

2.4.4 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 proportionate 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

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 by the end of the reporting period.

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 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.

2.6.3 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 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.

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.

2.8 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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

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.

2.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

2.10 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.

2.10.1 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.

2.11 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.

2.12 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.

For the impairment policy on financial assets measured at amortised cost, refer Note 2.12.3.

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. 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.

For the impairment policy on debt instruments at FVTOCI, refer Note 2.12.3.

All other financial assets are subsequently measured at fair value.

2.12.2 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.

2.12.3 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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

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.

2.12.4 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.

2.12.5 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.

2.13 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.

2.13.1 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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

2.13.1.1 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.

2.13.1.2 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 Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognised by the Company 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 Company of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

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.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, 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 recognised 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, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the Company that are designated by the Company as at fair value through profit or loss are recognised in profit or loss.

2.13.1.3 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.

2.13.1.4 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.

2.14 1.28 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 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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

All amounts are in lakh unless otherwise stated

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.

2.14.4 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.

2.15 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.

3 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) Security Deposits						
– Unsecured, considered good	**30.89**	**23.84**	2.80	23.84	2.80	23.84
Less: Allowance for Credit Losses	–	–	–	–	–	–
TOTAL (A)	**30.89**	**23.84**	2.80	23.84	2.80	23.84
B) Loans to related parties*						
– Unsecured, considered good	**355.00**	–	1,144.00	–	1,700.00	550.00
Less: Allowance for Credit Losses	–	–	–	–	–	–
TOTAL (B)	**355.00**	–	1,144.00	–	1,700.00	550.00
C) Interest Receivable						
(i) Interest accrued on deposits, loans and advances	–	–	3.03	–	0.34	–
TOTAL (C)	–	–	3.03	–	0.34	–
D) Other Bank Balances						
(i) Restricted Cash and bank balances						
– Earmarked Deposit account with scheduled banks #	**153.86**	–	268.12	–	154.37	–
TOTAL (D)	**153.86**	–	268.12	–	154.37	–
GRAND TOTAL	**539.75**	**23.84**	1,417.95	23.84	1,857.51	573.84

* This loan is given to M/s. Mahindra Integrated Township Limited to meet its working capital requirement at an interest rate of 11% p.a. This loan is unsecured and repayable on demand.

Earmarked balances with banks refers to FD's with bank created out of Corpus and Advance maintenance Charges collected from customers.

4 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)	**553.56**	–	671.81	–	511.83	–
(ii) Other advances (Mobilisation and Material Advances)	**74.72**	–	290.91	–	586.98	–
B) Advance income tax – Unsecured, considered good	–	**579.02**	–	386.12	–	345.10
	628.28	**579.02**	962.72	386.12	1,098.81	345.10
C) Contract Assets	**983.98**	–	1,313.59	–	1,221.59	–
	983.98	–	1,313.59	–	1,221.59	–
	1,612.26	**579.02**	2,276.31	386.12	2,320.40	345.10

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

All amounts are in lakh unless otherwise stated

4a Contract Assets

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Contracts in Progress at the end of reporting Period			
Construction costs incurred plus profits recognised less losses recognised	–	–	2,580.57
Less: Progress Billings	–	–	3,337.30
Balance at end of the year	–	–	(756.73)
Recognised and Included in Financial Statements as amounts due:			
(i) Amounts due from Customers under construction contracts	**983.98**	1,313.59	–
(ii) Amounts due to Customers under construction contracts	**84.85**	–	435.16
	1,068.83	1,313.59	435.16
Retentions held by customer for contract work	–	–	–
Advances received from customers for contract work	**140.70**	62.93	208.68

5 Inventories

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
(a) Construction Materials	**316.96**	615.66	364.61
(b) Work-in-Progress	**3,000.42**	2,606.00	5,188.36
(c) Finished Goods-Stock in trade	**5,068.69**	5,739.13	2,103.83
Total Inventories (at lower of cost and net realisable value)	**8,386.07**	8,960.79	7,656.80

Construction materials majorly include Steel, Cement, Chrome Plated & Sanitary Fixtures and UPVC windows.

The cost of inventories recognised as an expense during the year in respect of continuing operations was 904.36 (2015-2016: 2,216.75)

The carrying amount of inventories pledged as security for CC obtained from HDFC bank is 8,386.07 (31st March, 2016: NIL, 1st April, 2015: NIL).

6 Trade receivables

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
	Current	Current	Current
Trade receivables			
Unsecured, considered good	**226.10**	311.46	406.49
Total	**226.10**	311.46	406.49
Of the above, trade receivables from:			
– Related Parties	–	–	–
– Others	**226.10**	311.46	406.49
Total	**226.10**	311.46	406.49

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.

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			
Balances with banks			
– in Current Accounts	**96.35**	72.98	310.01
– in earmarked account balances#	**243.18**	–	–
Cash on hand	**0.01**	0.01	0.01
Total Cash and cash equivalents	**339.54**	72.99	310.02

Earmarked balances with banks refers to Fixed Deposits with bank created out of Corpus and Advance maintenance Charges collected from customers.

8 Equity Share Capital

Particulars	As at 31st March, 2017 No. of shares	As at 31st March, 2017 Amount	As at 31st March, 2016 No. of shares	As at 31st March, 2016 Amount	As at 1st April, 2015 No. of shares	As at 1st April, 2015 Amount
Authorised:						
Equity shares of ` 10 each with voting rights	**4,50,000**	**45.00**	4,50,000	45.00	4,50,000	45.00
Issued, Subscribed and Fully Paid:						
Equity shares of ` 10 each with voting rights	**2,50,000**	**25.00**	2,50,000	25.00	2,50,000	25.00
TOTAL	**2,50,000**	**25.00**	2,50,000	25.00	2,50,000	25.00

(i) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	Opening Balance	Fresh Issue	Bonus	Other Changes	Closing Balance
(a) Equity Shares with Voting rights*					
Year Ended 31st March, 2017					
No. of Shares	**2,50,000**	**–**	**–**	**–**	**2,50,000**
Amount in lakh	**25.00**	**–**	**–**	**–**	**25.00**
Year Ended 31st March, 2016					
No. of Shares	2,50,000	–	–	–	2,50,000
Amount in lakh	25.00	–	–	–	25.00
Year Ended 1st April, 2015					
No. of Shares	2,50,000	–	–	–	2,50,000
Amount in lakh	25.00	–	–	–	25.00

* **Terms/rights attached to equity shares:** The Company has one class of equity shares having a par value of `10 per share. Each shareholder is eligible for one vote per share. Dividends are paid in Indian Rupees. The dividends proposed by the Board of Directors are subject to the approval of the shareholders at the Annual General Meeting. Repayment of capital will be in proportion to the number of equity shares held.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

All amounts are in lakh unless otherwise stated

(ii) Details of shareholders holding more than 5% shares in the company

Name of the shareholder	As at 31st March, 2017 No.	As at 31st March, 2017 % holding in the class	As at 31st March, 2016 No.	As at 31st March, 2016 % holding in the class	As at 1st April, 2015 No.	As at 1st April, 2015 % holding in the class
Equity shares with voting rights:-						
Mahindra Integrated Township Limited, Holding Company	**2,50,000**	**100.00%**	2,50,000	100.00%	2,50,000	100.00%

(iii) 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 Integrated Township Limited, Holding Company	**2,50,000**	–	–
As at 31st March, 2016			
Mahindra Integrated Township Limited, Holding Company	2,50,000	–	–
As at 1st April, 2015			
Mahindra Integrated Township Limited, Holding Company	2,50,000	–	–

9 Other equity

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Securities premium reserve	**5,435.33**	5,435.33	5,435.33
Capital Redemption Reserve	**1.00**	–	–
Retained earnings	**3,512.94**	3,788.12	3,352.78
IND AS Transition Reserve	**36.55**	36.55	36.55
	8,985.82	9,260.00	8,824.66

10 Non-Current Borrowings

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Unsecured Borrowings – at amortised Cost			
Non-convertible Preference Shares – 10000 shares of ` 10/- each	–	1.00	1.00
Total Borrowings	–	1.00	1.00

The Company had one class of preference shares having a par value of ` 10 per share, redeemable upon payment of dividend of ` 2,324.50 and at the option of the Preference shareholder. The preference dividend was fully paid as on March 31, 2015. The preference shareholder has exercised the option for redemption during the current financial year and accordingly preference shares have been redeemed in September 2016.

11 Current Borrowings

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Secured Borrowings			
From Banks-Cash Credit Facility	**127.23**	–	–
Total Current Borrowings	**127.23**	–	–

Company has obtained Secured Cash Credit Limit from HDFC Bank Ltd for ` 2500 lakh @ Bank Base Rate + 0.25% p.a. payable on a monthly basis. This facility is secured by hypothecation of book debts and Inventories.

12 Trade Payables

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Trade payable – Micro ans small enterprises	**57.34**	186.10	162.06
Trade payable – Other than micro ans small enterprises	**1,310.58**	2,825.13	2,453.42
Retention Payable	**464.50**	636.17	1,000.98
Total Trade Payables	**1,832.42**	3,647.40	3,616.46

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 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.

Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

13 Other Financial Liabilities

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Current			
Deposits from Customers*	**397.04**	266.16	176.56
Total Other Financial Liabilities	**397.04**	266.16	176.56

* Refers to amount collected from customers towards "Advance maintenance and Corpus fund". Out of the funds collected, the Company has invested in earmarked deposit accounts with banks (Refer Note 3)

14 Provisions

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Current			
Defect Liability Provision	**110.09**	167.10	156.06
Total Provisions	**110.09**	167.10	156.06

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

All amounts are in lakh unless otherwise stated

Details of movement in Other Provisions is as follows:

Particulars	Defect Liability Provision
Balance at 1st April, 2015	156.06
Additional provisions recognised	6.19
Amounts used during the period	(9.08)
Unused amounts reversed during the period	
Unwinding of discount and effect of changes in the discount rate	13.93
Balance at 31st March, 2016	167.10
Balance at 1st April, 2016	167.10
Additional provisions recognised	4.43
Amounts used during the period	(52.69)
Unused amounts reversed during the period	(20.28)
Unwinding of discount and effect of changes in the discount rate	11.53
Balance at 31st March, 2017	**110.09**

Defect Liability Provision:

Provision for defect liability represents present value of management's best estimate of the future outflow of economic resources that will be required in respect of residential units given under perpetual lease, the estimated cost of which is accrued during the period of construction. Management estimates the related provision for future defect liability claims based on historical cost of rectifications and is adjusted regularly to reflect new information. The residential units are generally covered under a the defect liability period limited to 1 year from the date of handover of residential units. It is expected that most of these costs will be incurred within two years from the reporting date.

15 Other Current Liabilities

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
a. Advances received from customers(under Construction Contracts)	**140.70**	62.93	208.68
b. Deferred Revenue			
– Other Deferred Revenues	**84.85**	–	435.16
c. Statutory dues			
– taxes payable (other than income taxes)	**3.43**	19.87	26.58
Total Trade Payables	**228.98**	82.80	670.42

16 Revenue from Operations

The following is an analysis of the company's revenue for the year from continuing operations.

Particulars	Year Ended 31st March, 2017	Year Ended 31st March, 2016
Revenue from projects	**1,217.52**	3,139.92
Total Revenue from Operations	**1,217.52**	3,139.92

17 Other Income

Particulars	Year Ended 31st March, 2017	Year Ended 31st March, 2016
Interest Income on Financial assets that are not designated as Fair Value through Profit or Loss	**91.87**	204.24
On Financial Assets at Amortised Cost	**89.59**	195.95
From Fixed deposits with Banks	**0.78**	5.62
From Customers	**1.50**	2.67
Dividend Income	–	4.57
Others	–	4.57
Scrap Income	**0.04**	5.82
Cancellation/Transfer income	**5.77**	28.51
Total Other Income	**97.68**	243.14

18 Operating Expenses

Particulars	Year Ended 31st March, 2017	Year Ended 31st March, 2016
Inventories at the beginning of the year:		
Finished goods	**5,739.13**	2,103.83
Work-in-progress	**2,606.00**	5,188.36
Construction Materials	**615.66**	364.61
Add: Expenses incurred during the year		
Land and Construction Costs	**54.83**	3,167.28
Architect & Consultant Fees	**43.74**	14.32
Project Management Fees	**143.72**	109.87
Other Expenses	**87.35**	229.27
Inventories at the end of the year:		
Finished goods	**(5,068.69)**	(5,739.13)
Work-in-progress	**(3,000.42)**	(2,606.00)
Construction Materials	**(316.96)**	(615.66)
Operating Expenses	**904.36**	2,216.75

19 Finance Cost

Particulars	Year Ended 31st March, 2017	Year Ended 31st March, 2016
Interest Expense	**18.71**	–
Other borrowing cost	**13.00**	13.93
Total Finance Costs	**31.71**	13.93

Analysis of Interest Expenses by Category

Particulars	Year Ended 31st March, 2017	Year Ended 31st March, 2016
Interest Expenses		
On Financial Liability at Amortised Cost	**18.71**	–
On Financial Liabilities at FVTPL	**13.00**	13.93

20 Other Expenses

Particulars	Year Ended 31st March, 2017	Year Ended 31st March, 2016
Rent including lease rentals	**1.79**	2.48
Rates and taxes	**0.56**	0.79
Repairs and maintenance – Others	**28.55**	0.49
Advertisement	**340.16**	229.96
Commission on sales/contracts (net)	**22.93**	15.42
Travelling and Conveyance Expenses	**15.87**	3.86
Defect liability provision (net)	**(15.85)**	6.19
Expenditure on corporate social responsibility*	**43.00**	46.72
Staff Deputation Costs	**111.00**	135.18
Director Sitting Fee	**3.20**	2.80
Auditors remuneration and out-of-pocket expenses	**7.74**	8.67
As Auditors	**5.25**	5.75
For Other services (Net of ` 1.50 lakh reimbursed by parent company)	**2.40**	2.90
For reimbursement of expenses	**0.09**	0.02
Other expenses	**94.36**	149.80
Legal and other professional costs	**28.63**	27.90
Other General Expenses	**65.73**	121.90
Total Other Expenses	**653.31**	602.36

* Details of expenditure on Corporate Social Responsibility

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

All amounts are in lakh unless otherwise stated

Particulars	Year Ended 31st March, 2017	Year Ended 31st March, 2016
Education	**6.00**	5.00
PHC & Health Camps	**5.40**	5.00
Centre for Excellence	**7.00**	11.70
Tree Plantation	**3.00**	1.66
Contribution to approved NGO (Nanhi Kali foundation)	**21.60**	23.36
Total CSR Expense	**43.00**	46.72

21 Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Particulars	Year Ended 31st March, 2017	Year Ended 31st March, 2016
Current Tax:		
In respect of current year	–	114.68
Total income tax expense on continuing operations	–	114.68

Company being SEZ Developer is exempted from paying tax on income under Income tax Act,1961.

(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	**(274.18)**	550.02
Income tax expense calculated at 34.61% (2016: 34.61%)#	–	190.35
Effect of income that is exempt from taxation	–	(190.35)
Unrecognised MAT Credit	–	114.68
Income tax expense recognised In profit or loss from continuing operations	–	114.68

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.

(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	As at 1st April, 2015
Unused tax credits -MAT (with year of expiry of the MAT credit)			
– MAT Credit of FY 2012-13 (Expiry-2022-23)	**202.90**	202.90	202.90
– MAT Credit of FY 2013-14 (Expiry-2023-24)	**870.18**	870.18	870.18
– MAT Credit of FY 2014-15 (Expiry-2024-25)	**325.90**	325.90	325.90
– MAT Credit of FY 2015-16 (Expiry-2025-26)	**32.94**	32.94	–
Total	**1,431.92**	1,431.92	1,398.98

22 Segment Reporting

Business segments

The Company operates in only one business segment, i.e. 'Residential Projects & Development Activities' based on the nature of the services and products, the risks and returns etc. Therefore, business segment reporting in terms of IND AS 108 on segmental reporting is not applicable.

Geographical segments

The Company operates only in India. Therefore, geographical segment reporting in terms of IND AS 108 on segmental reporting is not applicable. The conditions prevailing in India being uniform, no separate geographical disclosure within India is considered necessary.

23 Earnings per Share

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Basic/Diluted Earnings per share		
From continuing operations (`) per share	**(109.67)**	174.14
From discontinuing operations (`) per share	–	–
Total basic/diluted earnings per share	**(109.67)**	174.14

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	**(274.18)**	435.34
Less: Preference dividend and tax thereon		–
Profit/(loss) for the year used in the calculation of basic earnings per share	**(274.18)**	435.34
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	**(274.18)**	435.34
Weighted average number of equity shares	**2,50,000**	2,50,000
Earnings per share from continuing operations – Basic (`)	**(109.67)**	174.14

24 Contingent liabilities

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Contingent liabilities (to the extent not provided for)			
Income tax demand Notices (to the extent not recognised in the books)			
FY 2011-12 (Assessment Year 2012-13)	**121.05**	121.05	121.05
FY 2012-13 (Assessment Year 2013-14)	**148.98**	148.98	–
FY 2014-15 (Assessment Year 2013-14)	**940.56**	–	–
Total	**1,210.59**	270.03	121.05

All Income tax demands appealed or in the process filing appeal with appropriate tax authority.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

All amounts are in lakh unless otherwise stated

25 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 to equity ratio as a capital management index and calculates the ratio as total debt divided by total equity based on the amounts stated in the 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:

	31st March, 2017	31st March, 2016	1st April, 2015
Debt (A)	**127.23**	1.00	1.00
Equity (B)	**9,010.82**	9,285.00	8,849.66
Debt Equity Ratio (A/B)	**1.41%**	0.01%	0.01%

Categories of financial assets and financial liabilities

Particulars	Amortised Costs	FVTPL	FVOCI	Total
			As at 31st March, 2017	
Non-current Assets				
Financial Assets Measured at Amortised Cost	**23.84**	–	–	**23.84**
Current Assets				
Trade Receivables	**226.10**	–	–	**226.10**
Cash and Cash equivalents	**339.54**	–	–	**339.54**
Loans & Other Financial Assets	**539.75**	–	–	**539.75**
	1,129.23	–	–	**1,129.23**
Current Liabilities				
Current Borrowings	**127.23**	–	–	**127.23**
Trade Payables	**1,832.42**	–	–	**1,832.42**
Other Financial Liabilities				
– Non Derivative Financial Liabilities	**397.04**	–	–	**397.04**
	2,356.69	–	–	**2,356.69**

Particulars	Amortised Costs	FVTPL	FVOCI	Total
			As at 31st March, 2016	
Non-current Assets				
Financial Assets Measured at Amortised Cost	23.84	–	–	23.84
Current Assets				
Trade Receivables	311.46	–	–	311.46
Cash and Cash equivalents	72.99			72.99
Financial Assets measured at Amortised Cost	1,417.95	–	–	1,417.95
	1,826.24	–	–	1,826.24
Non-current Liabilities				
Borrowings	1.00	–	–	1.00
Current Liabilities				
Borrowings				–
Trade Payables	3,647.40	–	–	3,647.40
Other Financial Liabilities				
– Non Derivative Financial Liabilities	266.16	–	–	266.16
	3,914.56	–	–	3,914.56

Particulars	Amortised Costs	FVTPL	FVOCI	Total
			As at 1st April, 2015	
Non-current Assets				
Financial Assets Measured at Amortised Cost	573.84	–	–	573.84
Current Assets				
Investments				–
Trade Receivables	406.49	–	–	406.49
Cash and Cash equivalents	310.02	–	–	310.02
Financial Assets measured at Amortised Cost	1,857.51	–	–	1,857.51
	3,147.86	–	–	3,147.86
Non-current Liabilities				
Borrowings	1.00	–	–	1.00
Current Liabilities				
Borrowings	–	–	–	–
Trade Payables	3,616.46	–	–	3,616.46
Other Financial Liabilities				
– Non Derivative Financial Liabilities	176.56	–	–	176.56
	3,794.02	–	–	3,794.02

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

The amount of trade receivable of residential business as appearing in the balance sheet of the company shows the amount due from the customers to whom the flat has not yet been handed over to him. 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 and not before that, since the flat is in the custody of the company and as per the terms of the agreement with the customer's, he/she can claim the right on the property only upon clearing of all the dues and proper handover of flat to him, company is not exposed to any credit loss risk. Further there has been no instance in past which shows that the company has handed over any unit to a customer with any dues pending from him and has exposed to a credit risk. In light of the above fact the company is not making any provision for expected credit loss.

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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

All amounts are in lakh unless otherwise stated

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-2017				
Non Interest Bearing				
Trade Payable	**1,832.80**	–	–	–
Deposits from Customers	**397.04**	–	–	–
Floating Interest Payable Instruments				
Short term borrowing borrowing	**127.23**	–	–	–
Total	**2,357.07**	–	–	–
31-Mar-2016				
Non Interest Bearing				
Trade Payable	**3,649.25**	–	–	–
Short term Deposits	**266.16**	–	–	–
Fixed Interest Payable Instruments				
Redeemable Preference shares	**1.00**	–	–	–
Total	**3916.41**	–	–	–
1-Apr-2015				
Non Interest Bearing				
Trade Payable	**3,618.94**	–	–	–
Short term Deposits	**176.56**	–	–	–
Fixed Interest Payable Instruments				
Redeemable Preference shares	**1.00**	–	–	–
Total	**3,796.50**	–	–	–

(iii) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

Particulars	31st March, 2017	31st March, 2016	1st April, 2015
Secured Bank Cash Credit facility			
– Expiring within one year	**2,372.77**	–	–
Secured Bank Guarantee Limit (sub limit of CC Credit facility)			
– Expiring within one year	**50.00**	–	–
Secured Letter of Credit (sub limit of CC Credit facility)			
– Expiring within one year	**50.00**	–	–
	2,372.77		

(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 liabilities				
31-Mar-2017				
Non-interest bearing				
Trade Receivables	**226.10**	–	–	–
Security Deposits	**30.89**	–	**23.84**	
Interest receivables	–	–	–	–
Cash and Cash Equivalents	**339.54**	–	–	–
Fixed interest rate instruments				
Loans to Related Parties	**355.00**	–	–	–
Deposits made with banks (refer note no.3)	**153.86**	–	–	–
Total	**1,105.39**	–	**23.84**	–
31-Mar-2016				
Non-interest bearing				
Trade Receivables	311.46	–	–	–
Security Deposits	2.80	–	23.84	–
Interest receivables	3.03	–	–	–
Cash and Cash Equivalents	72.99	–	–	–
Fixed interest rate instruments				
Loans to Related Parties	1,144.00	–	–	–
Deposits made with banks (refer note no.3)	268.12	–	–	–
Total	1,802.40	–	23.84	–
1-Apr-2015				
Non-interest bearing				
Trade Receivables	406.49	–	–	–
Security Deposits	2.80	–	23.84	–
Interest receivables	0.34	–	–	–
Cash and Cash Equivalents	310.02	–	–	–
Fixed interest rate instruments				
Loans to Related Parties	1,700.00	550.00	–	–
Deposits made with banks (refer note no.3)	154.37	–	–	–
Total	2,574.02	550.00	23.84	–

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

All amounts are in lakh unless otherwise stated

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 only in India Rupees and hence there is no risk of foreign exchange fluctuations.

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 short-term debt obligations with floating interest rates.

Interest rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rate for 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. 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**	**(1.27)**
	INR	**-100**	**1.27**
31-Mar-16	INR	+100	–
	INR	-100	–

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.

26 Related Party Transactions

Name of the parent Company **Mahindra Integrated Township Limited**

a) Names of related parties and nature of relationship where control exists:

Ultimate Parent Company	Mahindra & Mahindra Limited
Parent of the Holding Company	Mahindra Lifespace Developers Limited
Holding Company	Mahindra Integrated Township Limited

Fellow Subsidiary and Associates(including Sub-subsidiaries) with whom transactions have been entered during the year

- Mahindra World City Developers Limited (MWCDL)
- Mahindra Holidays & Resorts India Limited (MHRIL)
- EPC Mahindra Industries Limited (EPCMIL)
- Mahindra Integrated Business Solutions Private Limited (MIBS)

Details of transaction between the Company and its related parties are disclosed below:

Particulars	For the year ended	Ultimate Holding Company	Parent of Holding Company	Holding company	Fellow Subsidiary	Associates
Nature of transactions with Related Parties						
Interest Income	31-Mar-17	–	–	89.59	–	–
	31-Mar-16	–	–	159.60	–	36.35
Marketing Expenses-sharing expenses	31-Mar-17	–	–	26.2	–	–
	31-Mar-16	–	–	44.00	–	–
Purchase of Materials and Services	31-Mar-17	9.73	–	–	10.72	0.87
	31-Mar-16	10.45	–	–	4.90	–
Manpower Deputation Charges- Expense	31-Mar-17	–	245	–	–	–
	31-Mar-16	–	296.91	–	–	–
Office Establishment Expenses-Expense	31-Mar-17	–	28.59	30.11	–	–
	31-Mar-16	–	45.25	68.92	–	–
Maintenance Charges-Expense	31-Mar-17	–	–	–	–	56.41
	31-Mar-16	–	–	–	–	66.71
Reimbursement of Expenses-Received	31-Mar-17	–	1.51	–	–	–
	31-Mar-16	–	–	–	–	–
Inter Corporate Deposit (ICD) repayment received	31-Mar-17	–	–	745.00	–	–
	31-Mar-16	–	–	600.00	–	–
Loan term Loans repayment received	31-Mar-17	–	–	–	–	–
	31-Mar-16	–	–	–	–	550.00

Nature of Balances with Related Parties	Balance as on	Ultimate Holding Company	Parent of Holding Company	Holding company	Subsidiary	Associates
Nature of transactions with Related Parties						
Deposits	31-Mar-17	–	–	–	–	23.07
	31-Mar-16	–	–	–	–	23.07
Other Payables (Marketing Expenses sharing)	31-Mar-17	–	–	–	–	–
	31-Mar-16	–	–	44.00	–	–
Interest on ICD receivable	31-Mar-17	–	–	–	–	–
	31-Mar-16	–	–	3.03	–	–
Inter corporate deposit given	31-Mar-17	–	–	355.00	–	–
	31-Mar-16	–	–	1,100.00	–	–
Other Payables	31-Mar-17	8.41	39.41	11.70	0.40	5.85
	31-Mar-16	0.18	470.24	–	–	4.80

27 Fair Value Measurement

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						
– loans to related parties	**355.00**	**355.00**	1,144.00	1,144.00	2,250.00	2,250.00
– trade and other receivables	**379.96**	**379.96**	579.58	579.58	560.86	560.86
– cash and cash equivalents	**339.54**	**339.54**	72.99	72.99	310.02	310.02
– Other Receivables	–	–	3.03	3.03	0.34	0.34
– deposits and similar assets	**54.73**	**54.73**	26.64	26.64	26.64	26.64
Total	**1,129.23**	**1,129.23**	1,826.24	1,826.24	3,147.86	3,147.86
Financial liabilities						
Financial liabilities held at amortised cost						
– Other financial Liabilities	**397.04**	**397.04**	266.16	266.16	176.56	176.56
– trade and other payables	**1,832.42**	**1,832.42**	3,647.40	3,647.40	3,616.46	3,616.46
Financial lease payables						
Total	**2,229.46**	**2,229.46**	3,913.56	3,913.56	3,793.02	3,793.02

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

All amounts are in lakh unless otherwise stated

	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	–	**355.00**	–	**355.00**
– trade and other receivables	–	**379.96**	–	**379.96**
– cash and cash equivalents	–	**339.54**	–	**339.54**
– Other Receivables	–	–	–	–
– deposits and similar assets	–	**54.73**	–	**54.73**
Total	–	**1,129.23**	–	**1,129.23**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– Other financial Liabilities	–	**397.04**	–	**397.04**
– trade and other payables	–	**1,832.42**	–	**1,832.42**
TOTAL	–	**2,229.46**	–	**2,229.46**

	Fair value hierarchy as at 31st March, 2016			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– loans to related parties	–	1,144.00	–	1,144.00
– trade and other receivables	–	579.58	–	579.58
– cash and cash equivalents	–	72.99	–	72.99
– Other Receivables	–	3.03	–	3.03
– deposits and similar assets	–	26.64	–	26.64
Total	–	1,826.24	–	1,826.24
Financial liabilities				
Financial Instruments not carried at Fair Value				
– Other financial Liabilities	–	266.16	–	266.16
– trade and other payables	–	3,647.40	–	3,647.40
Total	–	3,913.56	–	3,913.56

	Fair value hierarchy as at 1st April, 2015			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– loans to related parties	–	2,250.00	–	2,250.00
– trade and other receivables	–	560.86	–	560.86
– cash and cash equivalents	–	310.02	–	310.02
– Other Receivables	–	0.34	–	0.34
– deposits and similar assets	–	26.64	–	26.64
Total	–	3,147.86	–	3,147.86
Financial liabilities				
Financial Instruments not carried at Fair Value				
– Other financial Liabilities	–	176.56	–	176.56
– trade and other payables	–	3,616.46	–	3,616.46
Total	–	3,793.02	–	3,793.02

For recurring and non-recurring fair value measurements, if the highest and best use of a nonfinancial asset differs from its current use, an entity shall disclose that fact and why the non-financial asset is being used in a manner that differs from its highest and best use.

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.

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
Total Equity as reported under previous GAAP	9,239.86	8,788.11
Ind AS: Adjustments increase (decrease):		
Defect Liability Provision	18.27	32.20
Deferred assured rental liability	1.87	4.35
Equity as reported under IND AS	9,260.00	8,824.66

(ii) Reconciliation of Total Comprehensive Income for the year ended 31st March, 2016:

Particulars	Year Ended 31st March, 2016
Profit or Loss as per previous GAAP	566.43
Ind AS: Adjustments increase (decrease):	
Defect Liability Provision	-13.93
Deferred assured rental liability	-2.48
Total adjustment to profit or loss	-16.41
Profit or Loss under Ind AS	550.02
Other comprehensive income	–
Total comprehensive income under Ind ASs	550.02

Note: No statement of comprehensive income was produced under previous GAAP. Therefore the reconciliation starts with profit under previous GAAP.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

All amounts are in lakh unless otherwise stated

(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	(1,476.73)	(159.99)	(1,316.74)
Net cash flows from investing activities	1,239.70	159.99	1079.71
Net cash flows from financing activities	–		
Net increase (decrease) in cash and cash equivalents	(237.03)	0.00	(237.03)
Cash and cash equivalents at beginning of period	310.02	–	310.02
Effects of exchange rate changes on the balance of cash held in foreign currencies	–		
Cash and cash equivalents at end of period	72.99	0.00	72.99

(iv) 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	72.99	310.02
Cash and cash equivalents for the purpose of Statement of Cash flows as per Ind AS	72.99	310.02

29 Additional Information to the Financial Statements

(i) Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

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 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.

(ii) Disclosure of transactions in Specified bank notes (SBN's) 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	0.01	0.03	0.03
(+) Permitted receipts	–	0.20	0.20
(-) Permitted payments	(0.01)	(0.19)	(0.19)
(-) Amount deposited in Banks	–	–	–
Closing Cash in hand as on 30.12.2016	–	0.04	0.04

30 Other Notes

i. The Company has disclosed the impact of pending litigations on its financial position this Ind AS financial statements (Refer Note 24 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.

31 Approval

The financial statements were approved for issue by the board of directors on 12th April, 2017.

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Geetha Suryanarayanan
Partner

Place: Chennai
Date: 12th April, 2017

For and on behalf of the Board of Directors

Sangeeta Prasad	Chairperson	(DIN: 02791944)
Raghunath Murti	Independent Director	(DIN: 00082761)
Sanjay Jain	Independent Director	(DIN: 06446899)
Sanjiv Kapoor	Independent Director	(DIN: 00004005)
Jayantt Manmadkar	Non-Executive, Non-Independent Director	(DIN: 03044559)

Place: Mumbai
Date: 12th April, 2017

DIRECTORS' REPORT

Your Directors present their Eighteenth 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:

(Amount in `)

Particulars	**For the year ended 31st March, 2017**	*For the year ended 31st March, 2016
Total Income	**17,59,14,545**	18,95,20,341
Profit before Depreciation, Finance Cost and Taxation	**5,82,09,960**	8,85,73,440
Less: Depreciation & Amortization	**10,36,450**	7,48,431
Profit before Finance Cost & Taxation	**5,71,73,510**	8,78,25,009
Less: Finance Costs	**6,445**	6,26,617
Profit before Tax	**5,71,67,065**	8,71,98,392
Less: Taxation		
Current Tax	**2,01,48,244**	2,98,63,721
Short provision for tax relating to prior years	**–**	9,43,788
Deferred Tax	**30,03,511**	(3,82,588)
Profit after tax	**3,40,15,310**	5,67,73,471
Other Comprehensive Income Items that will not be reclassified to profit or loss		
Re-measurements of the defined benefit liabilities/(asset)	**(14,36,853)**	(2,24,511)
Tax relating to items that will not be reclassified to profit or loss	**3,83,525**	74,230
Total comprehensive income for the year	**3,29,61,982**	5,66,23,190
Balance of profit for earlier years	**50,07,72,764**	44,41,49,574
Less: Transfer to/(from) Reserve	**–**	–
Less: Depreciation on transition to Schedule II of the Companies Act, 2013	**–**	–
Profit available for appropriation	**53,37,34,746**	50,07,72,764
Proposed Dividend on Equity Shares	**–**	–
Income Tax on proposed Dividend	**–**	–
Balance of profit carried forward	**53,37,34,746**	50,07,72,764
Net Worth	**53,47,34,746**	50,17,72,764

* *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 year under review till the date of this report which would affect the financial position of the Company.

OPERATIONS

During the year under review, your Company has rendered operation and maintenance services for the plant and facilities of New Tirupur Area Development Corporation Limited (NTADCL) at Tirupur under the operations and maintenance agreement. Your Company has consistently met its contracted performance targets with high quality standards in its operations. The water off-take during the year has gone up by 10%.

Your Company has recorded an income of Rs. 1759.15 Lakhs as against Rs. 1895.20 Lakhs in the previous year and the Profit after Tax has come down from Rs. 567.73 Lakhs to Rs. 340.15 Lakhs.

Your Company does not have Subsidiaries, Joint Ventures or Associates.

DIVIDEND

In order to conserve cash resources for the future growth of your Company, your Directors deem it prudent not to recommend a dividend for the year.

SHARE CAPITAL

The paid up Equity Share Capital as on 31st March, 2017 was Rs. 10 Lakhs divided into 1,00,000 Equity Shares of Rs. 10/- each. During the year under review, your Company has not issued any shares or any convertible instruments.

BOARD OF DIRECTORS

Composition:

Presently the Board comprises of the following Directors:

Sr. No.	Name of Director and DIN	Designation	Executive/ Non Executive	Independent/ Non Independent
1.	Mr. S. Venkatraman (DIN: 00077193)	Director	Non-Executive	Non-Independent
2.	Mr. Narayan Shankar (DIN: 00109111)	Director	Non-Executive	Non-Independent
3.	Mr. Srinath R. (DIN: 07063293)	Director	Non-Executive	Non-Independent

Mr. Srinath R. (DIN: 07063293) retires by rotation and being eligible, offers himself for re-appointment at the forthcoming 18th Annual General Meeting of the Company.

There has been no change in Directors during the year under review.

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 AND ANNUAL GENERAL MEETINGS

The Board of Directors met four times during the year under review viz., on 25th April, 2016, 25th July, 2016, 20th October, 2016, and 17th January, 2017. The gap between two consecutive Board meetings did not exceed 120 days. The 17th Annual General Meeting of your Company was held on 25th July, 2016.

The attendance at the Meetings of the Board were as under:

Name of the Director	No. of Meetings attended
Mr. S. Venkatraman	4
Mr. Narayan Shankar	3
Mr. Srinath R.	2

KEY MANAGERIAL PERSONNEL

During the year under review, your Company was not required to appoint any Key Managerial Personnel as it does not fall within the class of Companies which are required to have Whole-time Key Managerial Personnel in accordance with Section 2(51) and Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134 (3) (c) of the Companies Act, 2013, your Directors based on the representation received from the Operating Management and after due enquiry, confirm that:

(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 in place Codes of Conduct for its Directors, 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 the Company's ethos.

Your Company has for the year under review, received declarations under the Codes from the Directors, Senior Management Personnel and Employees affirming compliance with the respective Codes.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee of the Board of Directors of your Company presently comprises of Mr. S. Venkatraman, Mr. Narayan Shankar and Mr. Srinath R.

The Corporate Social Responsibility Committee met twice during the year under review viz., on 25th April, 2016 and 17th January, 2017.

The attendance at the Meetings of the Corporate Social Responsibility Committee were as under:

Name of Director	No. of Meetings attended
Mr. S. Venkatraman	2
Mr. Narayan Shankar	1
Mr. Srinath R.	2

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 an unified and strategic approach to CSR across the Company by incorporating under one 'Rise for Good' umbrella the diverse range of its philanthropic giving, identifying select constituencies and causes to work with, thereby ensuring a high social impact. The Policy also seeks to ensure an increased commitment at all levels in the organisation, by encouraging employees to participate in the Company's CSR and give back to society in an organised manner.

The Annual Report on the CSR activities of the Company is furnished in ***Annexure I*** and forms part of this Report.

RISK MANAGEMENT POLICY

Your Company has formulated a Risk Management Policy including therein identification of elements of risk which in the opinion of Board may threaten the existence of the Company.

Your Company's risk management policy sets out the objectives and elements of risk management within the organization and helps to promote risk awareness amongst employees and to integrate risk management within the corporate culture.

Implementation of Risk Management Policy is expected to be helpful in managing the risks associated with business of the Company.

INTERNAL FINANCIAL CONTROLS

Your Company has in place, adequate internal financial controls with reference to Financial Statements, commensurate with the size and the nature of its business. During the year under review, such controls were tested and no reportable material weaknesses in the design or operation were observed.

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.

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. 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.

STATUTORY AUDITORS

M/s. Deloitte Haskins & Sells, Chartered Accountants, Baroda, were appointed as Auditors for a period of 5 years i.e. from the conclusion of the 15th Annual General Meeting until the conclusion of the 20th Annual General Meeting subject to ratification by the Members of the Company at every Annual General Meeting. In view of the same, ratification of appointment of Statutory Auditors is being sought from the members of the Company at the ensuing 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 18th Annual General Meeting.

M/s. Deloitte Haskins & Sells, 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 Section 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.

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 need to be mentioned in this report.

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.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to the energy conservation, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Account) Rules, 2014 is furnished in ***Annexure II*** and forms part of this Report.

PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES OR INVESTMENTS

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 and Mahindra Limited.

Your Company has neither given any loans, guarantee or provided any security in connection with a loan nor made any investments covered under the provisions of Section 186 of the Companies Act, 2013 during the year under review.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

There are no contracts or arrangements under Section 188(1) of the Companies Act, 2013 with related parties of the Company which require reporting under Form AOC-2. Details of transactions with related parties as required to be reported in line with the applicable accounting standards may be referred to under notes to the financial statements.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on 31st March, 2017 in Form MGT-9 is provided as ***Annexure III*** which 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

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. Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.
4. Provisions relating to Vigil Mechanism enumerated under Section 177 of the Companies Act, 2013.
5. Significant or material orders were passed by the Regulators or Courts or Tribunals which impact the Company's going concern status and operations in future.

ACKNOWLEDGEMENTS

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors, all the other stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board

S. Venkatraman
Director

Srinath R.
Director

Mumbai, 17th 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 and a reference to the web-link to the CSR policy and projects or Programmes.

The objectives of your Company's CSR policy are to –

- Promote an unified and strategic approach to CSR across the Company by incorporating under one 'Rise for Good' umbrella the diverse range of its philanthropic giving, identifying select constituencies and causes to work with, thereby ensuring a high social impact.
- Ensure an increased commitment at all levels in the organisation, by encouraging employees to participate in the Company's CSR and give back to society in an organised manner.

During the year under review, your Company has contributed to CSR through one Implementation Agency viz;

- K C Mahindra Education Trust: Providing education support to 400 girl children.

A reference to the web-link to the CSR Policy and projects or programs: Not Applicable.

(2) The Composition of the CSR Committee:

Mr. S. Venkatraman

Mr. Narayan Shankar

Mr. Srinath R.

(3) Average net profit of the company for last three financial years (Rs.in Lakhs): 597.61

(4) Prescribed CSR Expenditure (two percent of the amount as in item 3 above) (Rs.in Lakhs): 11.95

(5) Details of CSR spent during the financial year.

(a) Total amount spent for the financial year (Rs. in Lakhs) - 12.55

(b) Amount unspent, if any- NIL

(c) Manner in which the amount spent during the financial year is detailed below:

Sr. No.	Particulars	Amount in Rs.
(1)	CSR project or activity identified Contribution to K.C. Mahindra Education Trust	–
(2)	Sector in which the project is covered Education of the girl child	–
(3)	Projects or programme (1) Local area or other: Other (2) Specify the state and district where projects or programs were undertaken: Barabanki, UP	–
(4)	Amount outlay (budget project or programme wise Central CSR Sector CSR	 6,00,000 6,55,200
(5)	Amount spent on the project or programme Sub Heads; (1) Direct expenditure on projects or programmes (2) Overheads	 12,55,200 –
(6)	Cumulative expenditure up to the reporting period	12,55,200
(7)	Amount Spent direct or through implementing agency Paid to *implementing Agency – K.C. Mahindra Education Trust	–

* Details of implementing agency:K C Mahindra Education Trust: Providing education support to girl child.

(6) In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.: Not applicable

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

S. Venkatraman Director	**Srinath R.** Director

Mumbai, 17th April, 2017

ANNEXURE II TO THE DIRECTORS' REPORT

PARTICULARS AS PER RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:

(A) Conservation of energy:

(i) The steps taken or impact on conservation of energy:

Though the activities of the Company are not power intensive, various measures are taken to contain and bring about saving in power consumption through improved operational methods, better house-keeping and awareness programs.

(ii) The steps taken by the company for utilizing alternate sources of energy: Not Applicable

(iii) The capital investment on energy conservation equipment: Nil

(B) Technology absorption:

(i) The efforts made towards technology absorption: None

(ii) The benefits derived like product improvement, cost reduction, product development or import substitution: Not Applicable

(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):

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:

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

S. Venkatraman
Director

Srinath R.
Director

Mumbai, 17th April, 2017

ANNEXURE III TO THE DIRECTORS' REPORT

EXTRACT OF ANNUAL RETURN

Form No. MGT-9

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	U45205MH1999PLC121235
2.	Registration Date	10/08/1999
3.	Name of the Company	MAHINDRA WATER UTILITIES 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 Water Utilities Limited Gateway Building, Apollo Bunder, Mumbai- 400001, Maharashtra. Tel: +9122 22021031 | Fax: +9122 22875485
6.	Whether listed Company	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 Product/Services	NIC Code of the Product/Service	% to total turnover of the company
1.	Operation & Maintenance of water collection, treatment & distribution	**36000**	**100%**

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1.	Mahindra and Mahindra Limited Gateway Building, Apollo Bunder, Mumbai 400001	L65990MH1945PLC004558	Ultimate holding	99.00*	2(46)
2.	Mahindra Lifespace Developers Limited 5th floor, Mahindra Towers, Worli, Mumbai-400018.	L45200MH1999PLC118949	Intermediate holding	99.00*	2(46)
3.	Mahindra Infrastructure Developers Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai-400018.	U45201MH2001PLC131942	Holding	99.00	2(46)

* Through Mahindra Infrastructure Developers 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.	–	–	–	–	–	–	–	–	–

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) State Govt.	–	–	–	–	–	–	–	–	–
d) Bodies Corp	–	98999*	98999*	99	–	98999*	98999*	99	–
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other	–	–	–	–	–	–	–	–	–
Sub-total A (1):-	–	**98999***	**98999***	**99**	–	**98999***	**98999***	**99**	–
(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)	–	**98999***	**98999***	**99**	–	**98999***	**98999***	**99**	–
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	–	1001#	1001#	1	–	1001#	1001#	1	–
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):-	–	**1001#**	**1001#**	**1**	–	**1001#**	**1001#**	**1**	–
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**1,00,000**	**1,00,000**	**100**	–	**1,00,000**	**1,00,000**	**100**	–

* Includes 6 shares held by nominees of Mahindra Infrastructure Developers Limited jointly with Mahindra Infrastructure Developers Limited.

Pursuant to transfer of Shares held in the Company by United Utilities International Limited (UUIL) to Mahindra Infrastructure Developers Limited on 27th July, 2015, UUIL ceased to be the Promoter of the Company.

(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)			% 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 Infrastructure Developers Limited	98,993	99	–	98993	99	–	–
2.	Mahindra Infrastructure Developers Limited jointly with Mr. M. A. Nazareth**	1	0.00	–	1	0.00	–	–
3.	Mahindra Infrastructure Developers Limited jointly with Mr. S. Venkatraman**	1	0.00	–	1	0.00	–	–
4.	Mahindra Infrastructure Developers Limited jointly with Mr. A. K. Nanda**	1	0.00	–	1	0.00	–	–
5.	Mahindra Infrastructure Developers Limited jointly with Mr. Narayan Shankar**	1	0.00	–	1	0.00	–	–
6.	Mahindra Infrastructure Developers Limited jointly with Mr. Suhas Kulkarni**	1	0.00	–	1	0.00	–	–
7.	Mahindra Infrastructure Developers Limited jointly with Mr. Roshan Gandhi**	1	0.00	–	1	0.00	–	–
	Total	**98,999**	**99**	**–**	**98,999**	**99**	–	–

** Jointly held with Mahindra Infrastructure Developers Limited to comply with the statutory provisions of Companies Act with regard to minimum number of members.

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No.	Shareholder's Name	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 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 – 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 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 – 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
1.	**Mahindra Infrastructure Developers Limited jointly with Mr. S. Venkatraman****				
	At the beginning of the year - 01.04.2016	1	–	1	–
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	–	–	–	–
	At the end of the year - 31.03.2017	1	–	1	–
2.	**Mahindra Infrastructure Developers Limited jointly with Mr. Narayan Shankar****				
	At the beginning of the year - 01.04.2016	1	–	1	–
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	–	–	–	–
	At the end of the year - 31.03.2017	1	–	1	–

** Jointly held with Mahindra Infrastructure Developers Limited to comply with the statutory provisions of Companies Act with regard to minimum number of members.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

PARTICULARS	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
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	Nil	Nil	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:

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 under Section 17(2) of Income Tax Act, 1961	–	–
	(c) Profits in lieu of salary under Section 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 of other Directors

Particulars of Remuneration	Name of Directors			Total Amount
	Mr. S. Venkatraman	Mr. Narayan Shankar	Mr. Srinath R.	
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	1,00,000	–	–	1,00,000
• Commission	–	–	–	–
• Others, please specify	–	–	–	–
Total B(2)	**1,00,000**	–	–	**1,00,000**
Total B = (1+2)	**1,00,000**	–	–	**1,00,000**
Total Managerial Remuneration (A+B)	**1,00,000**	–	–	**1,00,000**
Overall Ceiling as per the Act	–			

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

Sr. No.	Particulars of Remuneration	Key Managerial Personnel	Total
1.	Gross Salary		
	(a) Salary as per provisions contained under Section 17(1) of the Income Tax Act, 1961	–	–
	(b) Value of perquisites under Section 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	–	–
5.	Others, please specify	–	–
	Total	–	–

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

S. Venkatraman
Director

Srinath R.
Director

Mumbai, 17th April, 2017

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

MAHINDRA WATER UTILITIES LIMITED

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Mahindra Water Utilities 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 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 23 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 November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 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. However, as stated in Note 31 to the Ind AS financial statements amounts aggregating Rs. 18,000 as represented to us by the Management have been utilized for other than permitted transactions.

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)

Nilesh Shah
Partner
Membership No. 49660

Mumbai, 17th April, 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 to the members of Mahindra Water Utilities Limited on the Ind AS financial statements for the year ended March 31, 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 Water Utilities 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 (ICAI) and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 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 ICAI.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 117364W)

Nilesh Shah
Partner
Membership No. 49660

Mumbai, 17th 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 to the members of Mahindra Water Utilities Limited on the Ind AS financial statements for the year ended March 31, 2017)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) The property, 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 property, plant and equipment 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 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) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act.

(iv) The Company has not granted any loans, made investments or provided guarantees to which Sections 185 or 186 of the Act apply, and hence reporting under clause (iv) of the Order is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.

(vi) 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 generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Service Tax, and other material statutory dues applicable to it to the appropriate authorities. We have been informed that the provisions of Customs Duty, Excise Duty, Sales Tax, Value Added Tax and Cess are not applicable to the Company for the year.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Service Tax, and other material statutory dues in arrears, as at March 31, 2017 for a period of more than six months from the date they became payable. We have been informed that the provisions of Sales Tax, Customs Duty, Excise Duty, Value Added Tax and Cess are not applicable to the Company for the year.

(c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on 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** `	**Amount Unpaid** `
Income Tax Act, 1961	Income tax and interest, penalties	Appellate Authority – Bombay High Court	FY 2006 – 07	2,471,948	1,615,031
		Appellate Authority – Bombay High Court	FY 2007 – 08	2,654,400	2,654,400
		Appellate Authority – Commissioner (Appeals)	FY 2008 – 09	5,764,820	5,764,820
		Appellate Authority – Asst. Commissioner (CPC)	FY 2009 – 10	2,099,010	2,099,010
		Appellate Authority – Asst. Commissioner (CPC)	FY 2011 – 12	87,260	87,260
		Appellate Authority – Asst. Commissioner (CPC)	FY 2012 – 13	598,430	598,430
		Appellate Authority – Assessing Officer	FY 2013 – 14	48,040	48,040
Service Tax Laws	Service Tax	Appellate Authority – Tribunal Level	FY 2003 – 04 to 2008 – 09	8,939,479	8,939,479

(viii) The Company has not taken any loans or borrowings from financial institutions, banks and government nor has 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) According to the information and explanations given to us, the Company has not paid/provided any managerial remuneration as per the provisions of Section 197 read with Schedule V to the Act and hence, reporting under clause (xi) of the Order is not applicable to the Company.

(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 Act, 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 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 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)

Nilesh Shah
Partner
Membership No. 49660

Mumbai, 17th April, 2017

BALANCE SHEET AS AT MARCH 31, 2017

	Particulars	Note No.	As at March 31, 2017 `	As at March 31, 2016 ` Restated	As at April 1, 2015 ` Restated
A	**ASSETS**				
1	**Non-current assets**				
	(a) Property, Plant and Equipment	5	**5,173,607**	3,095,860	1,655,629
	(b) Financial Assets				
	Trade receivables	6	**220,047,774**	330,665,458	255,739,580
	Loan and advances	7	**19,000**	19,000	19,000
	(c) Deferred tax assets (net)	24	**19,370,772**	21,990,758	21,533,940
	(d) Other non-current assets	8	**15,263,792**	14,629,028	16,121,703
	Total Non-Current Assets		**259,874,945**	370,400,104	295,069,852
2	**Current assets**				
	(a) Financials Assets				
	(i) Investments	9	**297,289**	280,962	267,536
	(ii) Trade receivables	6	**140,145,893**	100,300,000	160,300,000
	(iii) Cash and cash equivalents	10	**94,879,166**	74,766,224	52,213,920
	(iv) Other Bank Balances	10	**69,664,450**	8,850,835	8,204,463
	(v) Loan and advances	7	**420,000**	420,000	220,000
	(vi) Other financial assets	11	**4,783,395**	3,509,649	1,366,012
	(b) Other Current Assets	8	**1,413,109**	3,400,126	3,022,953
	Total Current Assets		**311,603,302**	191,527,796	225,594,884
	Total Assets		**571,478,247**	561,927,900	520,664,736
B	**EQUITY AND LIABILITIES**				
1	**Equity**				
	(a) Equity Share capital	12	**1,000,000**	1,000,000	1,000,000
	(b) Other Equity		**533,734,746**	500,772,764	444,149,574
	Total equity		**534,734,746**	501,772,764	445,149,574
	LIABILITIES				
2	**Current liabilities**				
	(a) Financial Liabilities				
	(i) Trade payables	13	**4,515,871**	26,520,939	44,898,168
	(ii) Other financial liabilities	14	**10,786,771**	9,880,350	8,727,779
	(b) Provisions	15	**8,266,961**	6,977,476	4,396,727
	(c) Current Tax liabilities (net)	16	**11,527,871**	13,876,273	16,226,352
	(d) Other current liabilities	17	**1,646,027**	2,900,098	1,266,136
	Total Current Liabilities		**36,743,501**	60,155,136	75,515,162
	Total Equity and Liabilities		**571,478,247**	561,927,900	520,664,736
	See accompanying notes to the financial statements	1-36			

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Nilesh Shah
Partner

Place: Mumbai
Date : April 17, 2017

For and on behalf of the Board of Directors

S. Venkatraman Director

Srinath Ramamurthy Director

Place: Mumbai
Date : April 17, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

Particulars	Note No.	For the year ended March 31, 2017 `	For the year ended March 31, 2016 ` Restated
Continuing Operations			
I. Revenue from operations	18	**166,214,774**	164,993,172
II. Other Income	19	**9,699,771**	24,527,169
III. **Total Revenue (I + II)**		**175,914,545**	189,520,341
IV. **EXPENSES**			
(a) Employee benefit expense	20	**58,887,271**	53,805,225
(b) Finance costs	21	**6,445**	626,617
(c) Depreciation and amortisation expense	5	**1,036,450**	748,431
(d) Other expenses	22	**58,817,314**	47,141,676
Total expenses		**118,747,480**	102,321,949
V. **Profit before tax (III – IV)**		**57,167,065**	87,198,392
VI. **Tax expense**	24		
(i) Current tax		**20,148,244**	29,863,721
(ii) Short provision for tax relating to prior years		**–**	943,788
(iii) Deferred tax expense/(credit)		**3,003,511**	(382,588)
Total tax expense		**23,151,755**	30,424,921
VII. **Profit after tax**		**34,015,310**	56,773,471
VIII. **Profit for the year attributable to Owners of the Company**		**34,015,310**	56,773,471
IX. **Other comprehensive income**			
Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit liabilities/(asset)		**(1,436,853)**	(224,511)
Tax relating to items that will not be reclassified to profit or loss		**383,525**	74,230
		(1,053,328)	(150,281)
X. **Total comprehensive income for the year (VIII + IX)**		**32,961,982**	56,623,190
XI. **Earnings per equity share (for continuing operation):**	25		
(i) Basic		**340.15**	567.73
(ii) Diluted		**340.15**	567.73
See accompanying notes to the financial statements	1-36		

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Nilesh Shah
Partner

Place: Mumbai
Date : April 17, 2017

For and on behalf of the Board of Directors

S. Venkatraman Director

Srinath Ramamurthy Director

Place: Mumbai
Date : April 17, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

	Particulars		**For the year ended March 31, 2017**		For the year ended March 31, 2016
		`	`	`	`
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**				
	Profit before tax		**57,167,065**		87,198,392
	Adjustments for:				
	Depreciation and amortisation expense	**1,036,450**		748,431	
	Gain on disposal of property, plant and equipment	**(212,128)**		(240,000)	
	Finance Cost	**6,445**		626,617	
	Provision for doubtful trade receivables	**2,372,493**		–	
	Liabilities no longer payable written back	**–**		(18,984,584)	
	Service tax receivable written off	**2,535,171**		–	
	Dividend Income	**(16,327)**		(13,426)	
	Interest Income	**(9,468,316)**	**(3,746,212)**	(5,289,159)	(23,152,121)
	Operating Profit before Working Capital changes		**53,420,853**		64,046,271
	Movements in working capital				
	(Increase)/Decrease in Trade receivables	**68,399,298**		(14,925,878)	
	(Increase)/Decrease in Loan and advances, Other Financial assets and Other assets	**104,434**		(568,923)	
	Increase/(Decrease) Trade payables, Provisions, Other financial liabilities and other liabilities	**(22,500,086)**	**46,003,646**	5,287,493	(10,207,308)
	Cash generated from operations		**99,424,499**		53,838,963
	Income-tax paid (net of refunds)		**(23,783,998)**		(31,159,049)
	NET CASH GENERATED FROM OPERATING ACTIVITIES		**75,640,501**		22,679,914
B.	**CASH FLOW FROM INVESTING ACTIVITIES:**				
	Purchase of property, plant and equipment	**(3,138,369)**		(2,193,394)	
	Proceeds from sale of property, plant and equipment	**236,300**		244,731	
	Interest received	**8,194,570**		3,145,522	
	Increase in other bank balances	**(60,813,615)**		(646,372)	
	NET CASH (USED IN)/GENERATED FROM INVESTING		**(55,521,114)**		550,487

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

	Particulars		**For the year ended March 31, 2017**		For the year ended March 31, 2016
		`	**`**	`	`
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**				
	Finance costs paid	**(6,445)**		(678,097)	
	NET CASH USED IN FINANCING ACTIVITIES		**(6,445)**		(678,097)
	NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		**20,112,942**		22,552,304
	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**74,766,224**		52,213,920
	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**94,879,166**		74,766,224

Note:

The above Cash flow statement has been prepared under the 'Indirect Method' as set out in Indian Accounting Standard (IND AS) 7 'Cash Flow Statement'.

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Nilesh Shah
Partner

Place: Mumbai
Date : April 17, 2017

For and on behalf of the Board of Directors

S. Venkatraman Director

Srinath Ramamurthy Director

Place: Mumbai
Date : April 17, 2017

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 1. Corporate information:

Mahindra Water Utilities Limited (the Company) is a public company incorporated in India on August 10, 1999 under the provisions of Companies Act, 1956. The Company is engaged in operation & maintenance of water and sewage system for M/s. New Tirupur Area Development Corporation Limited, Tirupur. The Company is a subsidiary of Mahindra Infrastructure Developers Limited and the ultimate holding company is Mahindra and Mahindra Limited.

Note 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, 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 April 1, 2015.

2.2 Basis for 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 leasing transactions that are within the scope of Ind AS 17.

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 Property, Plant and Equipment

Property, Plant and Equipment held for use in supply of services or for administrative purposes, are stated in the Balance Sheet at cost less depreciation and accumulated impairment losses, if any. Costs comprise purchase price and attributable costs, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives as determined by the Management, using the straight-line method. Estimated useful life as determined by the Management is in line with that prescribed in Schedule II to the Companies Act 2013. 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 costing individually less than Rs. 5,000 is fully depreciated in the year of purchase.

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.

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

2.4 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).

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.

2.5 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

(i) Income for services is accounted for as and when services are rendered as per terms of the agreement at the contractual rate and there exists no significant uncertainty as to ultimate realisation.

(ii) 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.

(iii) 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.

2.6 Employee benefits

Retirement benefit costs and termination benefits

Payments 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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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. 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
- re-measurement

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.

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 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.

2.7 Lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. 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.

2.8 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) 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.

(ii) 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 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.

Current and deferred tax are recognised in the Statement of Profit and Loss except when they relate to items that are recognised in Other Comprehensive Income, in which case, the current and deferred tax are also recognised in Other Comprehensive Income.

2.9 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.

2.10 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 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 regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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.

<u>Financial assets at fair value through profit or loss (FVTPL)</u>

Investments in units of Mutual Funds are classified 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 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 Company, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

<u>Impairment of financial assets</u>

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables and 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.

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 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.

<u>Derecognition of financial assets</u>

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, 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Foreign exchange gains and losses on financial assets

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.

(ii) 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.

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.

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.

Foreign exchange gains and losses on financial liabilities

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 payable is recognised in profit or loss.

Note 3 First-time adoption – mandatory exceptions and optional exemptions

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).

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 elected the exemption of previous GAAP carrying value of all its Property, Plant and Equipment, Investment Property, and Intangible Assets recognised as of April 1, 2015 (transition date) as deemed cost.

Note 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.

At the end of the reporting period, there were no key assumptions concerning the future period that may have had a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

A. Equity share capital

	`
As at April 1, 2015	1,000,000
Changes in equity share capital during the year	–
As at March 31, 2016	1,000,000
Changes in equity share capital during the year	–
As at March 31, 2017	1,000,000

B. Other Equity

Particulars	**Reserves and Surplus**		
	Retained earnings `	**Items of other comprehensive income - Remeasurements of the defined benefit liabilities/ (asset)** `	**Total** `
As at April 1, 2015	444,149,574	–	444,149,574
Profit for the year	56,773,471	–	56,773,471
Other Comprehensive Income/(Loss) for the year (net of tax)	–	(150,281)	(150,281)
Total Comprehensive Income for the year	56,773,471	(150,281)	56,623,190
Balance as at March 31, 2016	500,923,045	(150,281)	500,772,764
Profit for the year	34,015,310	–	34,015,310
Other Comprehensive Income/(Loss) for the year (net of tax)	–	(1,053,328)	(1,053,328)
Total Comprehensive Income for the year	34,015,310	(1,053,328)	32,961,982
Balance as at March 31, 2017	**534,938,355**	**(1,203,609)**	**533,734,746**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Note 5. Property, Plant and Equipment

Description of Assets	**Plant and Equipment**	**Office Equipment**	**Furniture and Fixtures**	**Vehicles**	**Total**
	₹	₹	₹	₹	₹
I. Gross carrying amount					
Deemed Cost as at April 1, 2015	**837,817**	**79,160**	**351,526**	**387,126**	**1,655,629**
Additions during the year ended March 31, 2016	536,948	3,610	84,400	1,568,436	2,193,394
Disposals of Assets during the year ended March 31, 2016	61,186	–	–	–	61,186
Balance as at March 31, 2016	**1,313,579**	**82,770**	**435,926**	**1,955,562**	**3,787,837**
II. Accumulated depreciation for the year 2015-16					–
Depreciation/amortisation expense for the year	140,087	40,149	142,214	425,981	748,431
Eliminated on disposal of assets	**56,454**	**–**	**–**	**–**	**56,454**
Balance as at March 31, 2016	**83,633**	**40,149**	**142,214**	**425,981**	**691,977**
Net carrying amount (I-II)					–
Balance as on March 31, 2016	1,229,946	42,621	293,712	1,529,581	3,095,860
I. Gross carrying amount					
Balance as at April 1, 2016 (Cost)	1,313,579	82,770	435,926	1,955,562	3,787,837
Additions during the year ended March 31, 2017	1,441,672	293,590	29,607	1,373,500	3,138,369
Disposals of Assets during the year ended March 31, 2017	76,928		57,616		134,544
Balance as at March 31, 2017	**2,678,323**	**376,360**	**407,917**	**3,329,062**	**6,791,662**
II. Accumulated depreciation for the year 2015-16					–
Balance as at April 1, 2016	83,633	40,149	142,214	425,981	691,977
Depreciation/amortisation expense for the year	463,632	74,521	157,101	341,196	1,036,450
Eliminated on disposal of assets	52,756		57,616		110,372
Balance as at March 31, 2017	**494,509**	**114,670**	**241,699**	**767,177**	**1,618,055**
Net carrying amount (I-II)					
Balance as at March 31, 2017	**2,183,814**	**261,690**	**166,218**	**2,561,885**	**5,173,607**
Balance as on March 31, 2016	1,229,946	42,621	293,712	1,529,581	3,095,860

Note 6. Trade receivables

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
	₹	₹	₹	₹	₹	₹
(a) Unsecured, considered good	**140,145,893**	**220,047,774**	100,300,000	330,665,458	160,300,000	255,739,580
(b) Doubtful	**–**	**60,244,012**	–	57,871,519	–	57,871,519
Less: Allowance for Expected Credit Losses	**–**	**(60,244,012)**	–	(57,871,519)	–	(57,871,519)
Total	**140,145,893**	**220,047,774**	100,300,000	330,665,458	160,300,000	255,739,580

Trade receivables

The entire trade receivables balance as at March 31, 2017, March 31, 2016 and March 31, 2015 is due from M/s. New Tirupur Area Development Corporation Ltd., the sole client of the Company

The average credit period on invoice for services is 30 days. No interest is charged on trade receivables.

The concentration of credit risk is high, since the entire trade receivables are due from only one client, M/s. New Tirupur Area Development Corporation Ltd.

The Company has been providing operations & maintenance services to the client on a long term contract basis. As per the operation and maintenance agreement with NTADCL, the Company has been raising invoices on NTADCL for the services rendered to them. During the year, the Company and NTADCL have formalised the settlement of dues and the revenue terms for future period. Per the arrangement, the dues will be settled in quarterly installments over a period of 3 years beginning from April 1, 2017. In view of this, no loss on account of shortfall in cash is expected by the Company. As the dues are expected to be settled over a period of time, the Company has derived the expected credit loss allowance towards the time value of money for fixed fee services. The provision carried in books is adequate to meet this loss.

The Company has provided Rs. 2,372,493/- towards Other Re-imbursements due from NTADCL.

The Company has incurred expenses towards certain specified categories of maintenance of plant and facilities. As per the terms of the aforementioned agreement with NTADCL, the Company is entitled to reimbursement of the aforesaid expenses, which the Company has also claimed from NTADCL. The Company has received a confirmation on the payment due for such reimbursable services. However, as a matter of abundant caution, as well as pending receipt of such payments, the Company has expensed off such amounts in the current year aggregating to Rs. 2,403,607/- (Previous year Rs. 2,020,406/-) to the Statement of Profit and Loss.

Reconciliation of loss allowance provision for Trade Receivables

Particulars	**As at March 31, 2017**	As at March 31, 2016
	₹	₹
Balance as at beginning of the year	**57,871,519**	57,871,519
Impairment losses recognised in the year based on 12 month expected credit losses		
On receivables originated in the year	**–**	–
Other receivables	**2,372,493**	–
Balance at end of the year	**60,244,012**	57,871,519

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Note 7. Loan and Advances

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						
(a) Security Deposits (Rent)	**220,000**	**19,000**	220,000	19,000	220,000	19,000
(b) Advance to related parties	**200,000**	**–**	200,000	–	–	–
Total	**420,000**	**19,000**	420,000	19,000	220,000	19,000

Note 8. Other assets

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 including fringe benefit tax	**–**	**15,206,775**	–	13,919,423	–	15,403,848
Others						
(a) Gratuity Assets (Net of provision)	**–**	**57,017**	–	709,605	–	717,855
(b) Balance with government authorities						
– Service tax receivables	**1,413,109**	**–**	3,400,126	–	3,022,953	–
Total	**1,413,109**	**15,263,792**	3,400,126	14,629,028	3,022,953	16,121,703

Note 9. Investment

Particulars	**As at March 31, 2017**		As at March 31, 2016		As at April 1, 2015	
	No. of units	`	No. of units	`	No. of units	`
Investments Carried at: Fair Value Through Profit and Loss						
Unquoted Investments						
Investments in Mutual Funds						
HDFC Cash Management Fund of ` 10/-each fully paid up	**29,310.263**	**297,289**	28,007.975	280,962	26,669.591	267,536
Total	**29,310.263**	**297,289**	28,007.975	280,962	26,669.591	267,536

Note 10. Cash and Bank Balances

Particulars	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
	`	`	`
(a) Cash and Cash equivalents			
Balance with Banks			
(i) In Current Account	**6,079,166**	2,021,224	1,378,920
(ii) In Deposit Account	**88,800,000**	72,745,000	50,835,000
	94,879,166	74,766,224	52,213,920
(b) Other bank Balances			
Balance with Banks			
(i) On Margin Accounts	**874,050**	704,463	704,463
(ii) Fixed Deposits with maturity greater than 3 months	**68,790,400**	8,146,372	7,500,000
	69,664,450	8,850,835	8,204,463
Total	**164,543,616**	83,617,059	60,418,383

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Note 11. Other Financial Assets

Particular	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Current	Non Current	Current	Non Current	Current	Non Current
	`	`	`	`	`	`
Financial assets at amortised cost						
– Interest accrued on deposits with banks	**4,783,395**	**–**	3,509,649	–	1,366,012	–
Total	**4,783,395**	**–**	3,509,649	–	1,366,012	–

Note 12. Equity Share capital

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Nos	`	Nos	`	Nos	`
Authorised shares:						
Equity Shares of Rs. 10 each	**100,000**	**1,000,000**	100,000	1,000,000	100,000	1,000,000
	100,000	**1,000,000**	100,000	1,000,000	100,000	1,000,000
Issued, subscribed and fully paid-up shares:						
Equity Shares of Rs. 10 each	**100,000**	**1,000,000**	100,000	1,000,000	100,000	1,000,000
Total	**100,000**	**1,000,000**	100,000	1,000,000	100,000	1,000,000

Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity:	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Nos	`	Nos	`	Nos	`
Opening Balance	**100,000**	**1,000,000**	100,000	1,000,000	100,000	1,000,000
Closing Balance	**100,000**	**1,000,000**	100,000	1,000,000	100,000	1,000,000

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. The distribution will be in proportion to the number of equity shares held by the shareholders.

Details of shares held by the holding company:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	Number of shares	Number of shares	Number of shares
Mahindra Infrastructure Developers Limited, the holding company	**98,999**	98,999	50,000

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 1, 2015	
	Number of shares	% holding	Number of shares	% holding	Number of shares	% holding
Mahindra Infrastructure Developers Limited	**98,999**	**99%**	98,999	99%	50,000	50%
United Utilities International Limited	*	*	*	*	50,000	50%

*Holding is less than 5%, hence not disclosed.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Note 13. Trade Payables

Particulars	**As at March 31, 2017** ₹	As at March 31, 2016 ₹	As at April 1, 2015 ₹
Trade Payable - Micro and Small enterprises	**–**	–	–
Trade payable other than micro and small enterprises	**4,515,871**	26,520,939	44,898,168
Total	**4,515,871**	26,520,939	44,898,168

Note:

Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

There are no dues to any enterprise under the Micro, Small and Medium Enterprises Development Act 2006.

Average credit period on purchase of certain goods from suppliers is one month. No interest is charged on the outstanding balance.

Note 14. Other financial Liabilities

Particulars	**As at March 31, 2017** ₹	As at March 31, 2016 ₹	As at April 1, 2015 ₹
Measured at Amortised cost			
(a) Payable to employees	**10,531,771**	9,625,350	8,472,779
(b) Deposits received from Service providers	**255,000**	255,000	255,000
Total	**10,786,771**	9,880,350	8,727,779

Note:

Payable to employees represents amounts payable towards Salary, performance pay and bonus.

Deposits received from Service providers are security deposits received from the service providers as a security towards non-performance of their contract obligations if any.

Note 15. Provisions

Particular	**As at March 31, 2017** ₹	As at March 31, 2016 ₹	As at April 1, 2015 ₹
(a) Provision for employee benefits Compensated absences	**8,266,961**	6,977,476	4,396,727
Total	**8,266,961**	6,977,476	4,396,727

Note 16 Current Tax Liabilities (net)

Particulars	**As at March 31, 2017** ₹	As at March 31, 2016 ₹	As at April 1, 2015 ₹
Provision for tax (net of advance tax)	**11,527,871**	13,876,273	16,226,352
Total	**11,527,871**	13,876,273	16,226,352

Note 17. Other Current Liabilities

Particulars	**As at March 31, 2017** ₹	As at March 31, 2016 ₹	As at April 1, 2015 ₹
(a) Statutory Dues - Taxes payable (other than income taxes)	**1,646,027**	2,437,464	1,266,136
(b) Interest payable U/s 234B of the Income Tax Act	**–**	462,634	–
Total	**1,646,027**	2,900,098	1,266,136

Note 18. Revenue from Operations

Particulars	**For the Year ended March 31, 2017** ₹	For the Year ended March 31, 2016 ₹
(a) Revenue from rendering of services	**162,000,000**	162,000,000
(b) Revenue from ancillary services	**4,214,774**	2,993,172
Total	**166,214,774**	164,993,172

Note 19. Other Income

Particulars	**For the Year ended March 31, 2017** ₹	For the Year ended March 31, 2016 ₹
(a) Interest Income on financial assets carried at amortised cost - bank deposits	**9,468,316**	5,289,159
(b) Dividend Income	**16,327**	13,426
(c) Liabilities no longer payable written back	**–**	18,984,584
(d) Gain on Sale of Property, plant and equipment	**212,128**	240,000
(e) Miscellaneous Income	**3,000**	–
Total	**9,699,771**	24,527,169

Note 20. Employee Benefits Expenses

Particulars	**For the Year ended March 31, 2017** ₹	For the Year ended March 31, 2016 ₹
(a) Salaries and wages	**54,049,132**	49,803,115
(b) Contribution to provident and other funds (See below Note)	**2,674,273**	2,331,509
(c) Staff welfare expenses	**2,163,866**	1,670,601
Total	**58,887,271**	53,805,225

Note:

Salaries and wages 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.

Contribution to provident fund and other funds include contributions to Provident Fund, ESI, Labour Welfare Fund and gratuity fund with LIC.

Note 21. Finance Cost

Particulars	**For the Year ended March 31, 2017** ₹	For the Year ended March 31, 2016 ₹
Interest expense - interest on delayed/deferred payment of income tax/service tax.	**6,445**	626,617
Total	**6,445**	626,617

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Note 22. Other expenses:

	Particulars	**For the Year ended 31st March, 2017 `**	For the Year ended 31st March, 2016 `
(a)	Rent including lease rentals	**300,000**	299,100
(b)	Rates and taxes	**543,921**	611,880
(c)	Insurance	**1,180,990**	1,754,768
(d)	Repairs and maintenance - Machinery	**1,082,846**	934,416
(e)	Repairs and maintenance - Others	**1,573,086**	1,696,613
(f)	Legal and professional charges	**754,305**	411,016
(g)	Travelling and Conveyance Expenses	**686,216**	364,119
(h)	Printing & Stationery	**730,830**	627,951
(i)	Postage and telephone	**926,094**	919,664
(j)	Subcontracting, Hire and Service Charges	**34,260,677**	29,185,637
(k)	Provision for doubtful trade receivables	**2,372,493**	–
(l)	Expenditure on corporate social responsibilty (CSR) under section 135 of the Companies Act, 2013.	**1,255,200**	1,200,000
(m)	Service tax receivable written off	**2,535,171**	–
(n)	Vehicle running expenses	**7,169,658**	6,154,229
(o)	Payment to auditors (refer Note (i) below)	**1,356,245**	1,151,053
(p)	Directors Fee	**100,000**	30,000
(q)	Miscellaneous Expenses	**1,989,582**	1,801,230
Total		**58,817,314**	47,141,676

Note (i)

Payment to auditors:	**For the Year ended 31st March, 2017 `**	For the Year ended 31st March, 2016 `
Payment to auditors (net of service tax input credit)		
For Statutory audit	**870,000**	820,000
For Certification and other services	**480,000**	330,000
For Out of pocket expenses	**6,245**	1,053
	1,356,245	1,151,053

Note 23. Contingent liabilities, Contingent Assets 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			
Claims against the Company not acknowledged as debt			
Items in respect of which the Company has succeeded in appeal, but the Service Tax Department is pursuing an appeal	**8,939,479**	8,939,479	9,018,138
Income tax demands disputed for various assessment years, on account of disallowance of certain expenses, where the Company has preferred appeal with the higher authorities	**10,891,168**	10,891,168	10,978,088
	19,830,647	19,830,647	19,996,226

In respect of items mentioned above the timing of outflow of economic benefits cannot be ascertained.

There are no Contingent Assets and Commitments at the end of each reporting periods

Note 24. Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Particulars	**Year ended 31st March, 2017 `**	Year ended 31st March, 2016 `
Current Tax:		
In respect of current year	**20,148,244**	29,863,721
In respect of prior years	**–**	943,788
	20,148,244	30,807,509
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**(661,283)**	(382,588)
Adjustments due to changes in tax rates	**3,664,794**	–
	3,003,511	(382,588)
Total income tax expense on continuing operations	**23,151,755**	30,424,921

(b) Income tax recognised in other Comprehensive income

Particulars	**Year ended 31st March, 2017 `**	Year ended 31st March, 2016 `
Deferred tax related to items recognised in other comprehensive income during the year:		
Remeasurement of defined benefit Liabilities/(assets)	**(383,525)**	(74,230)
Total	**(383,525)**	(74,230)
Classification of income tax recognised in other comprehensive income		
Income taxes related to items that will not be reclassified to profit or loss	**(383,525)**	(74,230)
Income taxes related to items that will be reclassified to profit or loss	**–**	–
Total	**(383,525)**	(74,230)

(c) 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 operation	**57,167,065**	87,198,392
Income tax expense calculated at 30% (2016: 33.063%)#	**18,901,147**	28,830,404
Reduction in tax rate	**3,664,794**	–
Effect of income that is exempt from taxation	**(5,398)**	(4,439)
Effect of expenses that is non-deductible in determining taxable profit	**591,212**	655,168
	23,151,755	29,481,133

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Particulars	Year ended 31st March, 2017 ₹	Year ended 31st March, 2016 ₹
Adjustments recognised in the current year in relation to the current tax of prior years	–	943,788
Income tax expense recognised In profit or loss from continuing operations	**23,151,755**	30,424,921

#The tax rate used for the March 31, 2017 and March 31, 2016 reconciliations above is the corporate tax rate of 33.063% (including surcharge and cess) payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

(d) Movement of Deferred Tax

	For the Year ended 31 March, 2017			
Particulars	**Opening Balance ₹**	**Recognised in profit and Loss ₹**	**Recognised in Other comprehensive income ₹**	**Closing Balance ₹**
Tax effect of items constituting deferred tax liabilities				
Gratutity Assets	**234,616**	**164,618**	**(383,525)**	**15,709**
	234,616	**164,618**	**(383,525)**	**15,709**
Tax effect of items constituting deferred tax assets				
Property, Plant and Equipment	**711,610**	**(319,571)**	–	**392,039**
Employee Benefits	**72,741**	**44,872**	–	**117,613**
Expenses allowable on actual payment	**2,306,963**	**(29,167)**	–	**2,277,796**
Provisions	**19,134,060**	**(2,535,027)**	–	**16,599,033**
	22,225,374	**(2,838,893)**	–	**19,386,481**
Net Tax Asset (Liabilities)	**21,990,758**	**(3,003,511)**	**383,525**	**19,370,772**

	For the Year ended 31 March, 2016			
Particulars	**Opening Balance ₹**	**Recognised in profit and Loss ₹**	**Recognised in Other comprehensive income ₹**	**Closing Balance ₹**
Tax effect of items constituting deferred tax liabilities				
Gratutity Assets	–	308,846	(74,230)	234,616
	–	308,846	(74,230)	234,616
Tax effect of items constituting deferred tax assets				
Property, Plant and Equipment	776,677	(65,067)	–	711,610
Employee Benefits	70,324	2,417	–	72,741
Expenses allowable on actual payment	1,453,690	853,273	–	2,306,963
Provisions	19,134,060	–	–	19,134,060
Others	99,189	(99,189)	–	–
	21,533,940	691,434	–	22,225,374
Net Tax Asset (Liabilities)	21,533,940	382,588	74,230	21,990,758

Note 25. Earnings per Share

Particulars	For the Year ended 31st March, 2017 ₹	For the Year ended 31st March, 2016 ₹
	Per Share	Per Share
Basic Earnings per share	**340.15**	567.73
Diluted Earnings per share	**340.15**	567.73
	340.15	567.73

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 for the year attributable to owners of the Company	**34,015,310**	56,773,471
Earning used in the calculation of basic and diluted earnings per share	**34,015,310**	56,773,471
Weighted average number of equity shares for the purposes of basic and earnings per share	**100,000**	100,000
Earnings per share - Basic & Diluted	**340.15**	567.73

Note 26. 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 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	**534,734,746**	501,772,764	445,149,574
Less: Cash and Bank Balances	**(164,543,616)**	(83,617,059)	(60,418,383)
	370,191,130	418,155,705	384,731,191

Categories of financial assets and financial liabilities

			As at March 31, 2017	
	Amortised Costs ₹	**FVTPL ₹**	**FVOCI ₹**	**Total ₹**
Non-current Assets				
Trade Receivables	**220,047,774**	–	–	**220,047,774**
Loans and advances	**19,000**	–	–	**19,000**
Current Assets				
Investments	–	**297,289**	–	**297,289**
Trade Receivables	**140,145,893**	–	–	**140,145,893**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

				As at March 31, 2017
	Amortised Costs ₹	FVTPL ₹	FVOCI ₹	Total ₹
Cash and Cash Equivalents	**94,879,166**	–	–	**94,879,166**
Other Bank Balances	**69,664,450**	–	–	**69,664,450**
Loans and advances	**420,000**	–	–	**420,000**
Other Financial Assets				
– Non Derivative Financial Assets	**4,783,395**	–	–	**4,783,395**
Current Liabilities				
Trade Payables	**4,515,871**	–	–	**4,515,871**
Other Financial Liabilities				
– Non Derivative Financial Liabilities	**10,786,771**	–	–	**10,786,771**

				As at March 31, 2016
	Amortised Costs ₹	FVTPL ₹	FVOCI ₹	Total ₹
Non-current Assets				
Trade Receivables	330,665,458	–	–	330,665,458
Loans and advances	19,000	–	–	19,000
Current Assets				
Investments	–	280,962	–	280,962
Trade Receivables	100,300,000	–	–	100,300,000
Cash and Cash Equivalents	74,766,224	–	–	74,766,224
Other Bank Balances	8,850,835	–	–	8,850,835
Loans and advances	420,000	–	–	420,000
Other Financial Assets				
– Non Derivative Financial Assets	3,509,649	–	–	3,509,649
Current Liabilities				
Trade Payables	26,520,939	–	–	26,520,939
Other Financial Liabilities				
– Non Derivative Financial Liabilities	9,880,350	–	–	9,880,350

				As at March 31, 2015
	Amortised Costs ₹	FVTPL ₹	FVOCI ₹	Total ₹
Non-current Assets				
Trade Receivables	255,739,580	–	–	255,739,580
Loans and advances	19,000	–	–	19,000
Current Assets				
Investments	–	267,536	–	267,536
Trade Receivables	160,300,000	–	–	160,300,000
Cash and Cash Equivalents	52,213,920	–	–	52,213,920
Other Bank Balances	8,204,463	–	–	8,204,463
Loans and advances	220,000	–	–	220,000
Other Financial Assets				
– Non Derivative Financial Assets	1,366,012	–	–	1,366,012
Current Liabilities				
Trade Payables	44,898,168	–	–	44,898,168
Other Financial Liabilities				
– Non Derivative Financial Liabilities	8,727,779	–	–	8,727,779

Fair value of investments

Investments represent investment by the Company in units of HDFC Cash Management Fund. The closing value at the end of each accounting period represents NAV as per HDFC Cash Management Fund and hence no separate fair valuation.

Financial Risk Management Framework

The Company's activities expose it to 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

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 only one client for whom the operation and maintenance services are rendered. The Company has reached a settlement with its customers and has a approved payment schedule in place and also revenue terms for the future period.

(ii) The Company has invested in units of HDFC Cash Management Fund which has the NAV of Rs. 0.03 Cr as at the end of the reporting period. HDFC has been regular in dividend payments and the credit risk on the investment is minimal.

The Company is not subject to any externally imposed capital requirements.

There is no change in estimation techniques or significant assumptions during the reporting period.

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, 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 ₹
Non-derivative financial liabilities				
31-Mar-17				
Non-interest bearing	**15,302,642**	–	–	–
Total	**15,302,642**	–	–	–
31-Mar-16				
Non-interest bearing	36,401,289	–	–	–
Total	36,401,289	–	–	–
1-Apr-15				
Non-interest bearing	53,625,947	–	–	–
Total	53,625,947	–	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(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 ₹
Non-derivative financial assets				
31-Mar-17				
Non-interest bearing	**310,190,193**	**220,047,774**	–	**19,000**
Total	**310,190,193**	**220,047,774**	–	**19,000**
31-Mar-16				
Non-interest bearing	188,127,670	330,665,458	–	19,000
Total	188,127,670	330,665,458	–	19,000
1-Apr-15				
Non-interest bearing	222,571,931	255,739,580	–	19,000
Total	222,571,931	255,739,580	–	19,000

Note 27. Fair Value Measurement

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)
Financial assets					
Investments					
Mutual fund investments	**297,289**	280,962	267,536	Level -1	Net asset value published by HDFC Mutual Fund
Total financial assets	**297,289**	280,962	267,536		

Note 28. Employee benefits

(a) Defined Contribution Plan

The Company's contribution to Provident Fund aggregating Rs. 1,874,922/- (2016 : Rs. 1,733,141/-) 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.

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.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan particpants will increase the plan's liability.

Note: An entity shall disclose description of any plan amendments, curtailments and settlements.

The Company operates a gratuity plan covering qualifying employees. The benefit payable is greater of the amount calculated as per the Payment of Gratuity Act or the Company Scheme applicable to the employees. The benefits vest upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

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)	**7.30%**	7.65%	7.95%
Expected rate(s) of salary increase	**7.00%**	7.00%	7.00%
Expected rate of return on plan assets	**7.30%**	9.00%	9.00%
Attrition rate			
Age (Years)			
21 – 30	**10.00%**	10.00%	10.00%
31 – 40	**5.00%**	5.00%	5.00%
41 – 50	**3.00%**	3.00%	3.00%
51 – 59	**1.00%**	1.00%	1.00%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Defined benefit plans – as per actuarial valuation on March 31, 2017

Particulars		Funded Plan Gratuity 2017 `	2016 `
Amounts recognised in the Statement of Profit and Loss are as follows:			
1.	Current service cost	**556,773**	490,679
2.	Past Service Credit	**–**	–
3.	Interest on net defined benefit liability/ (asset)	**(54,285)**	(66,474)
Components of defined benefit costs recognised in profit or loss		**502,488**	424,205
Remeasurement on the net defined benefit liability			
Return on plan assets (excluding amount included in net interest expense)		**43,622**	(27,608)
Actuarial (gains) and losses arising from changes in financial assumptions		**219,087**	151,505
Actuarial (gains) and losses arising from experience adjustments		**1,197,367**	131,342
Change in asset ceiling, excluding amounts included in interest expenses		**(23,223)**	(30,728)
Components of defined benefit costs recognised in other comprehensive income		**1,436,853**	224,511
I.	**Net Asset/(Liability) recognised in the Balance Sheet as at March 31,**		
1.	Present value of defined benefit obligation as at March 31,	**5,574,480**	5,292,339
2.	Fair value of plan assets as at March 31,	**5,631,497**	6,023,517
3.	Surplus/(Deficit)	**57,017**	731,178
4.	Amount not recognised due to asset limit	**–**	21,573
5.	Current portion of the above	**–**	–
6.	Non current portion of the above	**57,017**	709,605
II.	**Change in the obligation during the year ended March 31,**		
1.	Present value of defined benefit obligation at the beginning of the year	**5,292,339**	4,331,427
2.	Add/(Less) on account of Scheme of Arrangement/Business Transfer	**–**	–
3.	Expenses Recognised in Profit and Loss Account		
	– Current Service Cost	**556,773**	490,679
	– Past Service Cost	**–**	–
	– Interest Expense (Income)	**359,068**	335,655
4.	Recognised in Other Comprehensive Income		
	Remeasurement (gains)/losses		
	– Actuarial Gain (Loss) arising from:		
	i. Demographic Assumptions	**–**	–
	ii. Financial Assumptions	**219,087**	151,505
	iii. Experience Adjustments	**1,197,367**	131,342
5.	Benefit payments	**(2,050,154)**	(148,269)
6.	Others (Specify)	**–**	–
7.	**Present value of defined benefit obligation at the end of the year**	**5,574,480**	5,292,339

Particulars		Funded Plan Gratuity 2017 `	2016 `
III.	**Change in fair value of plan assets during the year ended March 31,**		
1.	Fair value of plan assets at the beginning of the year	**6,023,517**	5,216,027
2.	Add/(Less) on account of Scheme of Arrangement/Business Transfer	**–**	–
3.	Expenses Recognised in Profit and Loss Account		
	– Expected return on plan assets	**415,003**	405,981
4.	Recognised in Other Comprehensive Income		–
	Remeasurement gains/(losses)		
	– Actual Return on plan assets in excess of the expected return	**(43,622)**	27,608
5.	Contributions by employer (including benefit payments)	**1,286,753**	522,170
6.	Benefit payments	**(2,050,154)**	(148,269)
7.	**Fair value of plan assets at the end of the year**	**5,631,497**	6,023,517
IV.	The Major categories of plan assets		
	– Insurer managed funds (Non Quoted Value)	**5,631,497**	6,023,517

Notes:

The current service cost and net interest expenses for the year is included in the “Employee benefits expenses” line item in the statement of profit and loss.

The remeasurernent of the net defined benefit liability is Included-in other comprehensive income.

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%	(5.54)%	6.04%
	2016	0.50%	(4.69)%	5.11%
Salary growth rate	2017	0.50%	6.03%	(5.58)%
	2016	0.50%	5.03%	(4.66)%

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. Nil, (Previous year Rs. 600,000/-) to the gratuity trusts during the next financial year of 2018.

Average logetivity at retirement for current beneficiaries of the plan

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Maturity profile of defined benefit obligation:

	2017	2016
Expected benefits for year 1	**228,728**	1,197,286
Expected benefits for year 2	**238,065**	192,248
Expected benefits for year 3	**620,590**	199,203
Expected benefits for year 4	**226,001**	541,046
Expected benefits for year 5	**217,173**	185,999
Expected benefits for year 6	**439,488**	177,702
Expected benefits for year 7	**397,933**	375,834
Expected benefits for year 8	**664,574**	334,536
Expected benefits for year 9	**280,851**	583,359
Expected benefits for year 10	**12,359,855**	10,374,070

Plan Assets

The fair value of Company's pension plan asset as of March 31, 2017 , 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	**5,631,497**	6,023,517	5,216,027
	5,631,497	6,023,517	5,216,027

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 March 31, 2017 is 11.57 years (2016: 9.79 years)

VIII. Experience Adjustments:

	2017	2016	Year ended 2015 Gratuity	2014	2013
1. Defined Benefit Obligation	5,574,480	5,292,339	4,331,427	3,473,492	3,195,772
2. Fair value of plan assets	5,631,497	6,023,517	5,216,027	4,029,884	3,685,244
3. Surplus/(Deficit)	57,017	731,178	884,600	556,392	489,472
4. Experience adjustment on plan liabilities [(Gain)/Loss]	1,197,367	131,342	(213,265)	92,472	222,262
5. Experience adjustment on plan assets [Gain/(Loss)]	43,622	(26,012)	63,205	90,390	28,276

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 29. Related Party Transactions

Name of the related party	Relationship
Mahindra & Mahindra Limited	Ultimate Holding Company (w.e.f April 29, 2015)
Mahindra Lifespace Developers Limited	Parent of the Holding Company (w.e.f April 29, 2015)
Mahindra Infrastructure Developers Limited	Holding Company (w.e.f April 29, 2015)

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.

a) List of other related parties & relationships

Name of the related party	Relationship
Mahindra Infrastructure Developers Limited	Joint venturer (upto April 28, 2015)
United Utilities International Limited	Joint venturer (upto April 28, 2015)

Details of transaction between the Company and its related parties are disclosed below:

Nature of transactions with Related Parties	Mahindra & Mahindra Limited `	Mahindra Infrastructure Developers Limited `	Mahindra Lifespace Developers Limited `	United Utilities International Limited `	Total `
Purchase of property and other assets	46,843 (–)	– (–)	– (–)	– (–)	46,843 –
Insurance	18,912 (6,700)	– (–)	– (–)	– (–)	18,912 (6,700)
Travelling Expenses	75,400 (72,000)	– (–)	– (–)	– (–)	75,400 (72,000)
Professional Charges	159,501 (150,000)	– (–)	– (–)	– (–)	159,501 (150,000)
Liabiliites no longer payable	– (–)	– (–)	– (–)	– (18,981,386)	– (18,981,386)
Training Fee	18,180 (–)	– (–)	– (–)	– (–)	18,180 –

Nature of Balances with Related Parties	Mahindra & Mahindra Limited `	Mahindra Infrastructure Developers Limited `	Mahindra Lifespace Developers Limited `	Total `
Trade payables	– (161,085)	– (21,913,260)	– (–)	– (22,074,345)
Other Recoverables	– (–)	– (200,000)	200,000 (–)	200,000 (200,000)

Note:
Previous year's figures are in brackets.
Trade payables to related parties represent dues on account of services rendered and do not contain guarantee transactions.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Note 30. 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:

Particulars	As at March 31, 2016 `	As at April 1, 2015 `
Equity as reported under previous GAAP	501,772,764	445,149,574
Ind AS: Adjustments increase (decrease):	–	–
Equity as reported under IND AS	501,772,764	445,149,574

(ii) Reconciliation of Total Comprehensive Income for the year ended March 31, 2016:

Particulars	Year Ended March 31, 2016 `
Profit or Loss as per previous GAAP	56,623,190
Ind AS: Adjustments increase (decrease):	
Employee future benefits – actuarial gains and losses (Net of Tax)	150,281
Profit or Loss under Ind AS	56,773,471
Other comprehensive income	(150,281)
Total comprehensive income under Ind ASs	56,623,190

Notes:

(i) No statement of comprehensive income was produced under previous **GAAP. Therefore the reconciliation starts with profit under previous GAAP.**

(ii) 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. Consequently, the tax effect of the same has also been recognised in other comprehensive income under Ind AS instead of profit or loss. The actuarial gains for the year ended March 31, 2016 were Rs. 224,511/- and the tax effect thereon Rs. 74,230/-. This change does not affect total equity, but there is an increase in profit before tax of Rs. 224,511/- and in total profit of Rs. 150,281/- for the year ended March 31, 2016

(iii) Material adjustments to the Statement of Cash Flows

Particulars	Year ended March 31, 2016		
	Previous GAAP	**Ind AS Adjustments**	**Ind AS**
Net cash flows from operating activities	22,679,914	–	22,679,914
Net cash flows from investing activities	550,487	–	550,487
Net cash flows from financing activities	(678,097)	–	(678,097)
Net increase (decrease) in cash and cash equivalents	22,552,304	–	22,552,304
Cash and cash equivalents at beginning of period	52,213,920	–	52,213,920
Cash and cash equivalents at end of period	74,766,224	–	74,766,224

Analysis of cash and cash equivalents as at March 31, 2016 and 1 April 2015 for the purpose of Statement of Cash flows under Ind AS

Particulars	**As at 31st March, 2017** `	As at 31st March, 2016 `
Cash and cash equivalents for the purpose of Statement of Cash flows as per Previous GAAP	94,879,166	74,766,224
Cash and cash equivalents for the purpose of Statement of Cash flows under Ind AS	**94,879,166**	74,766,224

Note 31. Details of Specified Bank Notes (SBN) held and transacted during the period November 8, 2016 to December 30, 2016

	SBNs	**Other Denomination notes**	**Total**
Closing cash in hand as on November 8, 2016	18,000	526	18,526
(+) Permitted receipts	–	22,563	22,563
(–) Permitted payments	–	9,874	9,874
(–) Amount deposited in the banks	–	–	–
Closing cash in hand as on December 30, 2016	– *	13,215	13,215 *

* payments made towards petty cash expenses

Note 32. The Company's business activity is that of an Operations and Maintenance (O&M) Contractor. All activities of the company revolve around its main business. The company operates only in India. There is a single operating segment as defined by Indian Accounting Standard 108 "Operating Segments".

Note 33. The Company has entered into operating lease arrangements for warehouse. The lease is cancellable and for a period of 11 months, renewable by mutual consent. Lease payments recognised in the Statement of Profit and loss is Rs. 300,000/- (Previous year 299,100/)

Note 34. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

Note 35. No material events have occurred after the balance sheet date and upto the approval of the financial statements.

Note 36. The financial statements were approved for issue by the Board of Directors on April 17, 2017.

For and on behalf of the Board of Directors

S. Venkatraman Director

Srinath Ramamurthy Director

Place: Mumbai
Date : April 17, 2017

DIRECTORS' REPORT TO THE MEMBERS

The Directors present their twelfth Report together with the audited financial statement of the Company for the financial 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	17,527.86	8,570.61
Profit before Tax	6,974.86	1,423.80
Provision for Taxation		
- Net Current Tax	2,355.48	628.20
- Deferred Tax	113.89	100.63
Profit after Tax	4,505.49	694.97
Add: Profit brought forward from previous year	852.57	1,292.96
Appropriations:		
Transferred to Debenture Redemption Reserve	(1,570.83)	593.75
Transferred to Capital Redemption Reserve	5,000.00	–
Equity Dividend paid (including tax on distributed profits)	541.61	541.61
Transfer to General Reserve	–	–
Profit Carried to Balance Sheet	1,387.28	852.57

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

The Directors have recommended equity dividend of ` 0.60 per share i.e. 6 per cent of the face value of ` 10 on 150,000,000 equity shares of the Company for the financial year 2016-17.

The total dividend payment for the financial year (including tax on dividend distribution) is ` 1,083.22 lakh.

Reserve

The Company has transferred ` 1,554.17 lakh to Debenture Redemption Reserve Account and ` 3,125 lakh has been carried forward to Profit & Loss Account.

Operations

The Company is developing a large format integrated city in Jaipur. The Company is a 74:26 Joint Venture between Mahindra Lifespace Developers Limited and Rajasthan State Industrial Development and Investment Corporation (RIICO), a Government of Rajasthan undertaking. The project comprises 2913 acres and offers five sector specific SEZs (2 in IT/ITeS, 1 each in Engineering and Related Industries, Handicrafts, Gems and Jewellery), a Domestic Tariff Area (DTA) and a Social & Residential Zone. The Company has initiated the conversion of its sector specific SEZs into a multi-product SEZ and has received in-principle approval for the same.

During the year, the Company added 7 customers (3 in SEZ, 3 in DTA and 1 in the Social Infrastructure zone), taking the total number of customers in Mahindra World City, Jaipur (MWCJ) to 75. Two existing customers also increased their footprint during the year. The total land leased out during the year was 66.80 acres. Some of the companies who leased space during the year are Metacube, Chokhi Dhani Resorts Private Limited, RUJFL, SHV Energy, Vikas Steel, Maxop and Fackelmann.

Eight customers became operational during the year, taking the total number of operational customers to 41. During the year, nine customers started development activities for their respective campuses/factories.

The cumulative direct employment created by the companies at Mahindra World City, Jaipur was around 8,300 persons. Exports by MWCJ clients grew by 10.31% to reach ` 124,472 lakh in 2016-17 compared to ` 1,128.35 crore during the previous year. The Company and its customers based at MWCJ have together invested ` 325,800 lakh in the project till 31st March, 2017.

Post receipt of product mix related approvals, the Company launched the 2nd phase of its Domestic Tariff Area (DTA) and initiated and completed the economic land use strategy for the residential and social infrastructure zone in Mahindra World City, Jaipur. It will initiate master planning and marketing of this area based on the economic land use plan determined for the same.

No material changes and commitments have occurred after the close of the year till the close of this Report, which affect the financial position of the Company.

The financial statement for the year under review has been prepared on the basis of going concern status of the Company.

During the year, no revision was made with respect to previous financial statements of the Company.

Share Capital

The Authorized share capital of the Company is ` 200 crore consisting of 150,000,000 equity shares of ` 10/- each aggregating ` 15,000 lakh and 50,000,000 8% Redeemable Cumulative Preference shares of ` 10/- each aggregating ` 50 crore. The 8% Redeemable Cumulative Preference share capital has been treated as financial liability as on 31st March, 2016 under INDAS. The paid-up share capital of the Company is ` 15,000 lakh consisting of 150,000,000 equity shares of ` 10/- each. The Paid- up share capital is held by Mahindra Lifespace Developers Limited (MLDL) and Rajasthan State Industrial Development & Investment Corporation Limited (RIICO) in the ratio of 74:26.

During the year Company Redeemed 25,000,000 8% Redeemable Cumulative Preference shares on 3rd November, 2016 issued on 4th November, 2011 and 25,000,000 8% Redeemable Cumulative Preference shares on 22nd December, 2016 issue on 23rd December, 2008.

During the year, the Company has neither issued any shares (including equity shares with differential rights or any sweat equity share) nor granted employee stock options. Further, there were no shares having voting rights not exercised directly by the employees for the purchase of which or subscription to which loan was given by the Company.

Non-Convertible Debentures

As on 13th July, 2012, the Company had issued and allotted 2500 – Secured Unlisted Rated Redeemable Non-Convertible Debentures (NCDs) at 10.00% Coupon rate with a face value of ` 1,000,000 (Rupees Ten Lakh only) each for cash at par, aggregating ` 2,500 lakh (Rupees Two Thousand Five Hundred Lakh only) vide Series A, Series B, and Series C on Private Placement basis.

The Company had also issued and allotted 650- Secured Unlisted Rated Redeemable Non- Convertible Debentures (NCDs) as on 19th December, 2014 at 10.90 percent Coupon rate with a face value of ` 1,000,000 (Rupees Ten Lakh only) each for cash at par, aggregating ` 6,500 lakh (Rupees Six Thousand Five Hundred Lakh only) vide Series I, Series II, and Series III on Private Placement basis.

The Company had also issued and allotted 50- Secured Unlisted Rated Redeemable Non- Convertible Debentures (NCDs) on 9th July, 2015 at 9.50 percent Coupon rate with a face value of ` 10,000,000 (Rupees One Crore only) each for cash at par, aggregating ` 5,000 lakh (Rupees Five Thousand Lakh only) on Private Placement basis.

Series A of Secured Unlisted Rated Redeemable 750 Non-Convertible Debentures (NCDs) of 10.00 % coupon rate with a face value of ` 1,000,000 (Rupees Ten lakh only) each aggregating ` 7,500 lakh (Rupees Seven Thousand Five Hundred Lakh Only) were redeemed on 13th July, 2015 along with redemption premium.

Series B of Secured Unlisted Rated Redeemable 750 Non-Convertible Debentures (NCDs) of 10.00 percent coupon rate with a face value of ` 1,000,000 (Rupees Ten lakh only) each aggregating ` 7,500 lakh (Rupees Seven Thousand Five Hundred Lakh Only) were redeemed on 12th July, 2016 along with redemption premium.

Company has redeemed 50 Secured Unlisted rated Redeemable Non - Convertible Debentures (NCDs) of ` 5,000 lakh at 9.50 percent Coupon Rate with a face value of ` 10,000,000/- (Rupees One Crore Only) on 11th July, 2016.

Secured Unlisted Rated 150 Non-Convertible Debentures (NCDs) of 9.48 percent coupon rate with a face value of ` 1,000,000 (Rupees Ten lakh only) each aggregating ` 15,000 lakh (Rupees Fifteen Thousand Lakh Only) were issued on 07th July, 2016.

The proceeds of all the above mentioned NCDs issue have been utilized for the purpose of the issue.

Networth

The networth of the Company at the close of the previous financial year (FY 2015-16) and at the close of the current financial year (FY 2016-17) was ` 22,053.90 lakh and ` 26,009.60 lakh respectively.

Holding Company

The Company is a subsidiary company of Mahindra Lifespace Developers Limited and consequently a subsidiary company of the ultimate holding company Mahindra & Mahindra Limited.

During the year, no Company has become/ceased to be subsidiary/associate or joint venture Company of the Company. Therefore, the requirement of consolidated financial statements does not apply to the Company.

Board of Directors

As at 31st March, 2017, the Board of Directors comprise of following:

Sr. No.	Name of Directors	DIN	Designation
1.	Mr. Umesh Kumar	01733695	Chairman, Non-Executive Non-Independent Director
2.	Mr. Maheswar Sahu	00034051	Non-Executive Independent Director
3.	Mr. Vaibhav Galriya	03422896	Non- Executive Non- Independent Director
4.	Mr. Salil Singhal	00006629	Non-Executive Independent Director

Sr. No.	Name of Directors	DIN	Designation
5.	Mr. Mukesh Sharma	02087671	Non- Executive Non- Independent Director
6.	Ms. Mugdha Sinha	03527870	Non- Executive Non- Independent Director
7.	Mr. Arun Kumar Nanda	00010029	Non- Executive Non- Independent Director
8.	Ms. Anita Arjundas	00243215	Non- Executive Non- Independent Director
9.	Ms. Sangeeta Prasad	02791944	Non- Executive Non- Independent Director

During the year, Mr. Ashok Jain, Ms. Veena Gupta, Mr, C.S Rajan and Mr. Shikhar Agrawal resigned from the office of Directors on 20th July, 2016, 20th July, 2016, 19th August, 2016 and 17th January, 2017, respectively pursuant to nomination of new Directors by RIICO. The Board places on record its deep appreciation of the valuable services rendered by them during their tenure as Directors of the Company.

Mr. Mukesh Sharma, Mr. Vaibhav Galriya, Mr. Umesh Kumar and Ms. Mugdha Sinha were appointed as Additional Directors on 20th July, 2016, 20th July, 2016, 19th August, 2016 and 10th February, 2017, respectively.

Further Mr. Mukesh Sharma, Mr. Vaibhav Galriya, Mr. Umesh Kumar were appointed as Non-Executive Non-Independent Directors at the previous annual general meeting of the Company held on 29th September, 2016.

Pursuant to Section 152 of the Companies Act, 2013 and provisions of Articles of Association, Non-Executive Non-Independent Directors Ms. Anita Arjundas (DIN: 00243215) and Ms. Sangeeta Prasad (DIN: 02791944), retire by rotation at the ensuing Annual General Meeting of the Company and are eligible for reappointment. Both the Directors being eligible have offered themselves for reappointment.

Ms. Mugdha Sinha (DIN: 03527870) ceases to hold office as per the provisions of Section 161 of the Companies Act, 2013, at the ensuing Annual General Meeting and the Company has received a notice from a Member in writing proposing her candidature for the office of Director alongwith the requisite deposit.

Further, all the above Directors are not disqualified from being appointed/re-appointed as Director by virtue of the provisions of Section 164 of the Companies Act, 2013.

Pursuant to Section 149(7) of the Companies Act, 2013, declaration from all the Independent Directors were received affirming their independence in accordance with the Section 149(6) of the Companies Act, 2013.

Key Managerial Personnel

As at 31st March, 2017, the Key Managerial Personnel of the Company comprise of following:

Sr. No.	Name of Key Managerial Personnel	Designation
1.	Mr. Sanjay Srivastava	Chief Executive Officer
2.	Mr. Pratik Desai	Company Secretary

The Board in its meeting held 20th July, 2016 appointed Mr. Sanjay Srivastava as a Chief Executive Officer and KMP of the Company and designated him as a Business Head. Mr. Sanjay Srivastava therefore ceased to be a Manager and Chief Operating Officer of the Company with effect from 20th July, 2016.

Mr. Pratik Desai was appointed as the Company Secretary of the Company with effect from 17th January, 2017 in place of Ms. Prashi Jain who resigned as Company Secretary during the year under review.

Mr. Sanjay Jain resigned as Chief Financial Officer of the Company with effect from 22nd March, 2017. The Board in its meeting held on 17th April, 2017 has appointed Mr. Girish Agrawal as Chief Financial Officer of the Company with effect from 1st May, 2017.

Committees of the Board:

Audit Committee

The Audit Committee of the Company was reconstituted by the Board in its meeting held on 17th January, 2017 and comprises of two Independent Directors, namely Mr. Maheswar Sahu, Mr. Salil Singhal and one Non- Executive Non-Independent Director, Ms. Mugdha Sinha. Mr. Maheswar Sahu is the Chairman of the Audit Committee. All members of the Audit Committee possess strong knowledge of accounting and financial management. The Chairman of the Company and Statutory Auditors are regularly invited to attend the Audit Committee Meetings. The Board has accepted all recommendations of the Audit Committee made from time to time.

Corporate Social Responsibility Committee (CSR)

The Corporate Social Responsibility (CSR) Committee of the Company was reconstituted by the Board in its meeting held on 17th January, 2017 and comprises of Mr. Maheswar Sahu, Independent Director and two Non-Executive Non-Independent Directors Ms. Mugdha Sinha and Ms. Sangeeta Prasad. Mr. Maheswar Sahu is the Chairman of the Committee.

During the year, the Company contributed ` 75.79 Lakh towards Corporate Social Responsibility. The Annual Report on CSR activities providing brief details on CSR policy and CSR initiatives undertaken by the Company during the year is attached herewith at **Annexure 1** to this Report

Nomination and Remuneration Committee (NRC)

The Nomination and Remuneration Committee of the company was reconstituted by the Board in its meeting held on 17th January, 2017 and comprises of two Independent Directors, namely, Mr. Maheswar Sahu, Mr. Salil Singhal and two Non- Executive Non-Independent Directors namely Ms. Anita Arjundas and Ms. Mugdha Sinha. Mr. Maheswar Sahu is the Chairman of the Committee.

The following policies of the Company as required under 178(3) of the Companies Act, 2013 is attached herewith and marked as **Annexure 2**, **Annexure 3 and Annexure 4**, respectively to this report:

1. Policy on appointment of Directors & Senior Management;
2. Policy on remuneration of Directors;
3. Policy on remuneration of Key Managerial Personnel and Employees

Other Committees

Contract Committee

The Contract Committee of the Company was reconstituted by the Board in its meeting held on 17th January, 2017 and comprises of three members, namely Mr. Vaibhav Galriya, Non-Executive Non- Independent Director, Ms. Sangeeta Prasad, Non- Executive Non- Independent Director and Mr. Sanjay Srivastava, Chief Executive Officer.

Capital Issue Committee

The Capital Issue Committee of the Company was reconstituted by the Board in its meeting held on 17th January, 2017 and comprises of three members, namely Ms. Mugdha Sinha, Non-Executive Non- Independent Di rector, Mr. Arun Kumar Nanda, Non- Executive Non- Independent Director and Ms. Sangeeta Prasad, Non- Executive Non- Independent Director.

Land Lease Committee

The Land Lease Committee comprises of two members, namely Mr. Mukesh Sharma, Non-Executive Non-Independent Director, and Ms. Anita Arjundas, Non-Executive Non-Independent Director.

Loans & Investments Committee

The Loans & Investment Committee of the Company was reconstituted by the Board in its meeting held on 17th January, 2017 and comprises of four members, namely Mr. Umesh Kumar, Non- Executive Non- Independent Director, Ms. Mugdha Sinha, Non-Executive Non-Independent Director, Mr. Arun Kumar Nanda, Non- Executive Non- Independent Director and Ms. Sangeeta Prasad, Non- Executive Non- Independent Director.

Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013, evaluation of every Director's performance was done by Nomination and Remuneration Committee. The performance evaluation of Non-Independent Directors and the Board as a whole, Committees thereof, and Chairman of the Company was carried out by the Independent Directors. Evaluation of Independent Directors was carried out by the entire Board of Directors, excluding the Director being evaluated. Structured questionnaires, covering various aspects of the evaluation such as adequacy of the size and composition of the Board with regard to skill, experience, independence, diversity, attendance and adequacy of time given by the Directors to discharge their duties; corporate governance practices etc. were circulated to the Directors for the evaluation process The Directors expressed their satisfaction with the evaluation process.

Meetings

During the year, five (5) meetings of the Board of Directors were convened and held on 21st April, 2016, 16th June, 2016, 20th July, 2016, 18th October, 2016 and 17th January, 2017.

During the year, two (2) meetings of the Audit Committee were convened and held on 20th July, 2016 and 17th January, 2017.

During the year, two (2) meetings of the Nomination and Remuneration Committee (NRC) were convened and held on 20th July, 2016 and 17th January, 2017.

During the year, three (3) meetings of the Corporate Social Responsibility (CSR) Committee were convened and held on 21st April, 2016, 18th October, 2016 and 17th January, 2017.

During the year, one (1) meeting was also conducted on 21st April, 2016 for availing borrowing facility by the Committee of two Directors comprising of Ms. Veena Gupta and Ms. Sangeeta Prasad.

The previous Annual General Meeting of the Company was held on 29th September, 2016 and an extra-ordinary general meeting of the Company was held on 28th June, 2016.

The details of the number of meetings of the Board and the Committees thereof attended by the respective members of the Board/Committees are given below:

Sr. No.	Name of the Director	Board meetings attended	Audit Committee meetings attended	NRC meetings attended	CSR Committee meetings attended
1.	Mr. Chandra Shekhar Rajan	2	N.A.	N.A.	N.A.
2.	Mr. Maheswar Sahu	2	2	2	1

Sr. No.	Name of the Director	Board meetings attended	Audit Committee meetings attended	NRC meetings attended	CSR Committee meetings attended
3.	Mr. Ashok Jain	3	N.A.	N.A.	N.A.
4.	Mr. Salil Singhal	1	1	1	N.A.
5.	Ms. Veenu Gupta	2	N.A.	NIL	1
6.	Mr. Shikhar Agrawal	2	N.A.	N.A.	N.A.
7.	Mr. Arun Kumar Nanda	2	N.A.	N.A.	N.A.
8.	Ms. Anita Arjundas	3	N.A.	2	N.A.
9.	Ms. Sangeeta Prasad	5	N.A.	N.A.	3
10.	Mr. Vaibhav Galriya	1	NIL	NIL	1
11.	Mr. Umesh Kumar	2	N.A.	N.A.	N.A.
12.	Mr. Mukesh Sharma	Nil	N.A.	N.A.	N.A.

Codes of Conduct

The Company has adopted Codes of Conduct ("the Code/s") for its Directors, Independent Directors, Senior Management and Employees. These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

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 year under review, received declarations under the Codes from the Board Members, Independent Directors, Senior Management and employees affirming compliance with the respective Codes.

Directors' Responsibility Statement

Pursuant to Section 134(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 have been followed along with proper explanation relating to material departures, if any;

(b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 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 statements. The Audit Committee of the Board reviews the internal control systems with the management and auditors.

Vigil mechanism/Whistle Blower Mechanism

The Company has established a vigil mechanism by adopting a Whistle Blower Policy for Directors and employees to report genuine concerns in the prescribed manner. The vigil mechanism is overseen by the Audit Committee and provides adequate safeguards against victimization of employees and Directors. Whistle Blower Policy is a mechanism to address any complaint(s) related to fraudulent transactions or reporting intentional non-compliance with the Company's policies and procedures and any other questionable accounting/operational process followed. It provides a mechanism for employees to approach the Chairman of Audit Committee or Chairman of the Company. During the year, no such incidence was reported and no personnel were denied access to the Chairman of the Audit Committee or Chairman of the Company. The Whistle Blower Policy of the Company has been posted on the website of the Company and is available at the link http://www.mahindraworldcity.com/about-us/our-policies.aspx.

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

M/s. Deloitte Haskins & Sells, Chartered Accountants have held office as Auditor of the Company for more than 10 years, i.e. more than two terms of 5 years each and the transition period of 3 years from the date of commencement of the Act is over and shall retire at the forthcoming Annual General Meeting. The Company is now required to appoint a new Statutory Auditor for a term of 5 consecutive years w.e.f. the conclusion of the ensuing 12th Annual General Meeting in place of retiring auditors M/s. Deloitte Haskins & Sells, Chartered Accountants.

As required under the provisions of Section 139 and 141 of Companies Act, 2013, the Company has received written consent and certificate from M/s. B. K. Khare & Co, Chartered Accountants, Mumbai (ICAI Registration Number-105102W) to the effect that their appointment, if made, would be in conformity with the limits specified in that Section.

The Board has recommended M/s. B. K. Khare & Co, Chartered Accountants, Mumbai (ICAI Registration Number-105102W) to be appointed as Auditors of the Company for a term of 5 consecutive years from the conclusion of the 12th Annual General Meeting till the conclusion of the 17th Annual General Meeting to be held in the calendar year 2022 (subject to ratification of their appointment at every AGM), to conduct the audit of the Accounts of the Company, at such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors and reimbursement of out of pocket expenses and taxes as applicable.

The Statutory Auditor's Report for the financial year 2016-17 does not contain any qualification, reservation or adverse remark and therefore does not call for any further comments.

Cost Auditors

The provisions related to applicability of Cost Audit is not applicable to the Company for the financial year 2016-17

Secretarial Auditors

The Board has appointed M/s. JPS & Associates, practicing Company Secretaries, 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 5** to this Report.

The Secretarial audit report does not contain any qualification, reservation or adverse remark and therefore does not call for any further comments.

Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013.

As the Company is engaged in the business of 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 particulars of investment are provided in the financial statement at Note No. 16.

Contracts or Arrangements with Related Parties

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract/arrangement with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 with related parties which could be considered material. Accordingly, the disclosure of related party transaction to be provided under section 134(3)(h) of the Companies Act, 2013, in form AOC-2 is not applicable to the Company.

Deposits, Loans and Advances

During the year, the Company has not accepted any deposits from the public or its employees, within the meaning of Section 73 of the Companies Act, 2013.

The Company has not made any loans and advances of the nature which are required to be disclosed in the annual accounts of the Company pursuant to Regulation 34(3) and 53 (f) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as per Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 during the year are given in the prescribed format in the **Annexure 6** to this report.

Employee Remuneration

Being an unlisted Company, the details of employee remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your company.

Extract of Annual Return

The details forming part of the extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 is included in this Report as **Annexure - 7** and forms part of this Report.

Safety, Health and Environmental Performance

Your Company's commitment towards safety, health and environment is being continuously enhanced and persons working are well informed on safety, health and measure to reduce energy consumption.

Sustainability

Your Company continues with its journey on sustainable development with conscious efforts to minimize the environmental impact caused by its operations and simultaneously taking responsibility to enable communities to Rise without losing focus on economic performance. Mahindra

World City Jaipur is the first and largest project in Asia to receive Stage 2 Climate Positive Development certification from C40 Cities Climate Leadership Group.

General

- During the year, there were no cases filed/reported pursuant to the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013.
- The Company has received a Demand Notice dated 27th January, 2016 on 28th January, 2016, from Jaipur Development Authority (JDA) regarding payment of lease/ Shahri Jamabandi charges along with interest thereon for the period 27th September, 2006 to 31st March, 2016, on the land leased by Rajasthan State Industrial Development & Investment Corporation Limited (RIICO) to the Company in Mahindra World City, Jaipur. The notice is for an amount of ` 32,179.39 lakh.

  The Company has from March, 2011 to January, 2016 paid, in various tranches, an aggregate amount ` 450.87 lakh towards the aforesaid lease/Shahri Jamabandi charges calculated in accordance with the relevant provisions, statutes and representations on the subject. This has been further validated by a legal opinion.

  Based on the above, the Company is of the opinion that as of date, it is not in arrears of any amounts and has taken up the matter with the relevant authorities.
- No other significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operation in future.
- No fraud has been reported during the 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.

Acknowledgement

The Board of Directors thank and wish to place on record its appreciation to the Ministry of Commerce & Industry, Board of Approvals (SEZ), Development Commissioner, Noida Special Economic Zone, Development Commissioner SEZs, Government of Rajasthan, and all the agencies and Departments of the State Government, Bankers – State Bank of India, HDFC Bank, Kotak Mahindra Bank, Axis Trustee, our valuable customers and the employees of the Company at all levels, for their continued co-operation and unstinted support.

The Directors also express their sincere thanks to the shareholders for the continued support and trust they have shown in the Management.

For and on behalf of the Board,

Ms. Anita Arjundas	**Ms. Sangeeta Prasad**
Director (DIN 00243215)	***Director (DIN 02791944)***

Jaipur, 17th April, 2017

ANNEXURE 1

THE ANNUAL REPORT ON CSR ACTIVITIES

1. **A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be taken and a reference to the Web link to the CSR Policy and projects or programs.**

   CSR forms an integral part of the Company. The Company believes that its initiatives and high ethical standards will definitely encourage a positive impact on everyone involved in the project directly or indirectly. With a view to achieve inclusive social development, the Company has taken initiatives of organizing various training programs for school dropouts/unemployed youth and Women Empowerment, who are part of the local community around project area through a well-recognized NGO - Technology Business Incubator.

   - Vocational Skill Development Training – Since its inception a total of 1188 candidates have been trained as on 31st March 2017. **In FY 16-17, the training was given to 230 candidates.**
   - Formation of Women SHG's – Since its inception 85 SHG's have been formed with 960 women as on 31st March 2017. **In FY 16-17**, 10 new SHG's were formed with 100 women, **60 women** have been given advance training from the existing groups and **25 women** were given basic primary education.
   - The Company also provides Mid-Day meals to Govt. School Children through Akshay Patra. In FY 16-17, this initiative catered to **437 children across 5 Schools**, around the project office of the Company.
   - The Company also conducted **three** medical camps in the neighboring villages including Eye Camps for **1000 Children** in 6 Govt. Schools, around the project office of the Company.
   - The Company also planted **5500 trees** in government approved forest area and the neighboring villages around the project office of the Company.
   - Under the Clean India Campaign, the Company took the initiative to **clean four** neighboring villages around the project office of the Company, including one campaign for conservation of a Nature Water Body.
   - The Company has also contributed ` 25 lakh for the Rajasthan State Govt. CSR project – MukyaMantri Jal Swavalambhan Abhiyan for making villages self-sufficient in Drinking Water and conserving water resources. A total of **15 villages** have been identified around the project office of the Company.
   - The Company also contributed ` 20 lakh for Seva Mandir, Udaipur.

   A detailed report of all activities is attached for reference. We are happy to inform that 100% of the CSR budget has been consumed for FY 16-17.

2. **The Composition of the CSR Committee.**

   The Corporate Social Responsibility (CSR) Committee of the Company comprises of Mr. Maheswar Sahu, Independent Director (Chairman of the Committee), Ms. Mugdha Sinha and Ms. Sangeeta Prasad, Non- Executive Non- Independent Directors of the Company.

3. **Average net profit of the company for the last three financial years (Before tax).**

   The average net profit of the Company for the last three financial years- ` **3,789.50** Lakh.

4. **Prescribed CSR Expenditure (two percent of the amount as in item no. 3 above).**

   Prescribed CSR spend (2% of above amount) -
   ` **75.79** Lakh

5. **Details of CSR spent during the financial year:**

   a. Total amount to be spent for the financial year:
   ` **75.79** Lakh

   b. Amount unspent, if any: NIL

   c. Manner in which the amount spent during the financial year is detailed below:

(` in lakh)

(1) Sr. no.	(2) CSR project of activity identified	(3) Sector in which the project is covered	(4) Projects (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	(5) Amount outlay (budget) project or programs wise	(6) Amount spent on the projects: (1) Direct expenditure on projects or programs (2) Overhead	(7) Cumulative expenditure upto the reporting period	(8) Amount spent: Direct or through implementing agency*
1	Education of under privileged Children	Education	Udaipur/Rajasthan	20.00	20.00	20.00	Seva Mandir

(` in lakh)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. no.	**CSR project of activity identified**	**Sector in which the project is covered**	**Projects (1) Local area or other (2) Specify the State and district where projects or programs was undertaken**	**Amount outlay (budget) project or programs wise**	**Amount spent on the projects: (1) Direct expenditure on projects or programs (2) Overhead**	**Cumulative expenditure upto the reporting period**	**Amount spent: Direct or through implementing agency***
2	Vocational Skill Development Program & Women Empowerment	Education	Jaipur/Rajasthan	14.50	14.50	14.50	TBI
3	Model School Development	Education	Jaipur/Rajasthan	0.75	0.75	0.75	Direct
4	Mukhyamantri Jal Swavlamban Abhiyan	Health	Jaipur/Rajasthan	25.00	25.00	25.00	Govt. of Rajasthan
5	Mid-Day meals for Govt. School children	Health	Jaipur/Rajasthan	3.75	3.50	3.50	Akshay Patra
6	Medical Camps	Health	Jaipur/Rajasthan	2.50	2.75	2.75	Direct
7	LED Tube Lights Installation	Environment	Jaipur/Rajasthan	4.29	4.33	4.33	Direct
8	Tree Plantation	Environment	Jaipur/Rajasthan	2.50	2.53	2.53	Direct
9	Clean India Campaigns	Environment	Jaipur/Rajasthan	2.50	2.43	2.43	Direct
	Total			**75.79**	**75.79**	**75.79**	

*** Give Details of implementing agency**

TECHNOLOGY BUSINESS INCUBATOR-KIET is jointly promoted by Department of Science & Technology, Govt. of India and Krishna Institute of Engineering & Technology, Ghaziabad. TBI-KIET is registered under Society Registration Act 1860 initiated by DST support to demonstrate a model of creating knowledge based enterprise and creation of job opportunities through innovation and entrepreneurship and also market oriented skilled trained rural personnel to meet out the requirement of industries thereby uplifting the economic status and livelihood of the people.

Mukhya Mantri Jal Swawalamban Abhiyan – is an initiative of Government of Rajasthan, to create a water sustainable Rajasthan and make villages self-reliant even during drought periods, to make villages self-sufficient by providing a permanent solution to the demand of drinking water and to increase the Irrigated area through water harvesting and conservation. We have identified 15 villages under 3 Panchayats around the MWCJ campus for contribution towards this initiative.

AKSHAY PATRA - is a not-for-profit organization headquartered in Bangalore, India. The organization strives to fight issues like hunger and malnutrition in India by implementing the Mid-Day Meal Scheme in the Government schools and Government aided schools. It aims to fight not only hunger but also to bring children to school and thereby provide food for education.

6. **In case the company has failed to spend the two percent of average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board Report.**

   The Company has spent all the amounts reserved for CSR activities i.e. 2% of average net profit for the last three financial years.

7. **A responsibility statement of the CSR committee that the implementation and monitoring of CSR policy, is in compliance with the CSR objectives and policy of the company.**

   The implementation and monitoring of CSR Policy is in compliance with CSR objectives and policy of the Company.

Mr. Maheswar Sahu
Chairman of the CSR Committee (DIN 00034051)

Mr. Sanjay Srivastava
Manager & Chief Executive Officer

Jaipur, 17th April, 2017

ANNEXURE- 2

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT

DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

"**Board**" means Board of Directors of the Company.

"**Company**" means Mahindra World City (Jaipur) Limited.

"**Committee(s)**" means Committees of the Board for the time being in force.

"**Employee**" means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

"**HR**" means the Human Resource department of the Company.

"**Key Managerial Personnel**" (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

(i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)

(ii) Chief Financial Officer (CFO); and

(iii) Company Secretary (CS).

"**Nomination and Remuneration Committee**" **(NRC)** means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

"**Senior Management**" means personnel of the Company who are members of its Core Management Team/Executive Council excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and also independence of director when ID is to be appointed :
    1. All Board appointments will be based on merit, in the context of the skills, experience, diversity, and knowledge, for the Board as a whole to be effective.
    2. Ability of the candidates to devote sufficient time and attention to his/her professional obligations as Director for informed and balanced decision making.
    3. Adherence to the applicable Code of Conduct and highest level of Corporate Governance in letter and in 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 or Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act, 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, Rules and Regulations thereunder or due to non - adherence to the applicable policies of the Company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons based on merit, experience and knowledge who may be appointed in senior management team.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Managing Director & CEO based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

For and on behalf of the Board,

Ms. Anita Arjundas — ***Director (DIN 00243215)***

Ms. Sangeeta Prasad — ***Director (DIN 02791944)***

Jaipur, 17th April, 2017

ANNEXURE 3

POLICY FOR REMUNERATION OF THE DIRECTORS

Purpose

This Policy sets out the approach to Compensation of Directors, in Mahindra World City (Jaipur) Limited.

Policy Statement

We have a well-defined Compensation policy for Directors, of the Company. The overall compensation philosophy which guides us to focus on enhancing the value, to attract, to retain and motivate Directors for achieving objectives of the Company and to maintain the pioneer status in the Integrated Business City format, to be the most trusted brand in the business we operate in and focus on customer centricity through transparency, quality and on-time delivery, to be a thought leader and establish industry benchmarks in Sustainable Development.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

Non-Executive including Independent Directors:

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act, 2013 and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

Directors

The Chief Operating Officer is an executive of the Company and draws remuneration from the Company. Independent Directors receive sitting fees for attending the meeting of the Board and the Committees thereof, as fixed by the Board of Directors from time to time subject to statutory provisions.

Disclosures

Information on the total remuneration of members of the Company's Board of Directors, Chief Operating Officer and KMP/senior management personnel may be disclosed in the Board's report and the Company's annual report/website as per statutory requirements in this regard.

For and on behalf of the Board,

Ms. Anita Arjundas	**Ms. Sangeeta Prasad**
Director (DIN 00243215)	***Director (DIN 02791944)***

Jaipur, 17th April, 2017

ANNEXURE-4

REMUNERATION POLICY FOR KMPS AND EMPLOYEES

This Policy shall be effective from the financial year 2014 - 15.

Objective

To establish guidelines for remunerating employees fairly and in keeping with Statutes.

Standards

- All employees, irrespective of contract, are to be remunerated fairly and the remuneration is to be externally competitive and internally equitable. The remuneration will be paid in accordance with the laid down Statutes.
- Remuneration for on-roll employees will include a fixed or guaranteed component payable monthly; and a variable component which is based on performance and paid annually in the month of July following the fiscal.
- The fixed component of remuneration will have a flexible component with a bouquet of allowances to enable an employee to choose the allowances as well as the quantum based on laid down limits as per Company policy. The flexible component can be varied only once annually in the month of July i.e. after the salary increment exercise.
- The variable component of the remuneration will vary from 10% to 25% of the Cost-to-Company (CTC) and will be a function of the employee's grade.
- The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRA). Both the BSC and KRAs are evaluated at the end of the fiscal to arrive at the BSC rating of the business and PPS rating of the individual.
- An annual compensation survey is carried out to ensure that the Company's compensation is externally competitive and is around 60th percentile. Based on the findings of the survey and the business performance, the Sector Talent Council decides:
    - o The increment that needs to be paid for different performance ratings as well as grades.
    - o The increment for promotions and the total maximum increment.
    - o The maximum increase in compensation cost in % and absolute.
- Compensation corrections are made in a few cases where it is outside the band or to keep it tune with the market.
- There are no mid-term compensation increments.

For and on behalf of the Board,

Ms. Anita Arjundas	Ms. Sangeeta Prasad
Director (DIN 00243215)	*Director (DIN 02791944)*

Jaipur, 17th April, 2017

ANNEXURE 5

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR 2016-17

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Mahindra World City (Jaipur) Limited,
4th Floor, 411, Neelkanth Tower,
Bhawani Singh Road, C-Scheme,
Jaipur – 302001.

(I) We have conducted the secretarial audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **Mahindra World City (Jaipur) Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts and statutory compliances and expressing our opinion thereon.

(II) Based on our verification of the Company's statutory registers and records, minutes books, forms and returns filed with various authorities and other records maintained by the Company and also the information and explanation provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2017 complied with various provisions of statutory enactments listed hereunder at clause (III) and that the Company has proper Board processes and compliance mechanism in place to the extent and in the manner and subject to the reporting made hereinafter.

(III) We have examined the statutory registers, minutes books of the general meetings, board meetings and committee meetings, forms and returns filed with various Authorities and other records maintained by the Company for the financial year ended on 31st March, 2017, according to the provisions of:

1. The Companies Act, 2013 and the Rules made there under;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
4. The Indian Stamp Act, 1899;
5. The Income Tax Act, 1961;
6. The Customs Act, 1962;
7. Service Tax Laws;
8. The Central Sales Tax Act, 1956;
9. The Rajasthan Value Added Tax Act, 2003;
10. The Special Economic Zones Act, 2005;
11. Employees Provident Fund and Miscellaneous Provisions Act, 1952;
12. Employers Liability Act, 1938;
13. The Payment of Gratuity Act, 1972;
14. Employees' State Insurance (ESI) Act, 1948;
15. The Contract Labour (Regulation and Abolition) Act, 1970;
16. Employment Exchange (Compulsory Notification of Vacancies) Act, 1959;
17. The Environment (Protection) Act, 1986;
18. The Water (Prevention and Control of Pollution) Act, 1974;
19. The Air (Prevention and Control of Pollution) Act, 1974.

(IV) As observed and as per the information and explanations given to us, since the Company did not receive any Foreign Direct Investment and/or External Commercial Borrowings and did not make any Overseas Direct Investment, the provisions of Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder relating thereto were not applicable to the Company during the year under review.

(V) Since the Company is an unlisted Company, the Securities and Exchange Board of India Act, 1992 ('SEBI Act') and the Rules, Regulations and guidelines made there under are not applicable to the Company during the year under review.

(VI) We have also examined the compliance with applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

(VII) Based on our above mentioned examination and verification of records and information and explanation provided to us by the management, officers, employees and staff of the Company, we report that during the financial year under review the Company has generally complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards etc. mentioned above.

(VIII) We further report that having regard to the size and nature of the Company, the Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors.

(IX) We further report that keeping in view the size and nature of the Company, in our opinion adequate notices were given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

(X) We further report that decisions were observed to be carried out by majority, however, we did not come across or explained with any instance of dissenting members, whose views need to be separately recorded in the minutes books as such.

(XI) We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

(XII) We further report that during the financial year under review the Company has issued Non Convertible debentures on private placement basis and also redeemed Non Convertible debentures and complied with necessary provisions of the Act in this regard.

(XIII) We further report that during the audit period, there were no instances of:

(i) Public/Rights/Preferential issue of shares/sweat equity;

(ii) Buy-back of securities;

(iii) Merger/amalgamation/reconstruction etc.;

(iv) Foreign technical collaborations.

Our above report is subject to the following:

1. Maintenance of Secretarial Records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records, based on our audit;

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed, provide a reasonable basis for our opinion;

3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company;

4. Wherever required, we have obtained the Management Representation, in writing as well as verbal, about the compliance of laws, rules and regulations and happening of events etc.;

5. The Compliance of the provisions of the Corporate and other applicable laws, rules, regulations, standards etc. is the responsibility of the management. Our examination was limited to the verification of the procedures on test basis;

6. The secretarial audit report, is neither an assurance as to the future viability of the Company nor of the efficacy or the effectiveness with which the management has conducted the affairs of the Company.

7. The compilation of the Secretarial Audit Report and the above mentioned contents are without any bias and/or prejudice.

For JPS & Associates
Company Secretaries

Jai Prakash Sharma
Partner
C. P. No.: 5161

Jaipur, 15th April, 2017

ANNEXURE – 6

A. CONSERVATION OF ENERGY

a) Energy conservation measures taken:

The Company is regularly pursuing the initiatives taken for energy conservation which include introduction of LED lighting, use of re-cycled water, plantation etc.

b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

i) E Rikshaw streamlined and being used by Customers of Mahindra World City(Jaipur) Limited.

ii) 1000 LED installation completed in Mahapura Village during the year

c) Impact of the measures taken/to be taken at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods: Energy saving of 30% due to use of LED street lights.

d) Total energy consumption and energy consumption per unit of production as per Form-A of the Annexure to the Rules in respect of Industries specified in the Schedule: Not applicable

B. TECHNOLOGY ABSORPTION

Research & Development (R&D)

1	Areas in which R & D is carried out:	The Company has not carried out any specific R&D activities during the year.
2	Benefits derived as a result of the above efforts:	Not Applicable.
3	Future Plan of action:	Further quality improvement
4	Expenditure on R & D:	Nil
5	Technology absorption, adaptation and innovation:	Nil
6	Imported Technology for the last 5 years:	Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, there were no foreign exchange earnings.

For and on behalf of the Board,

Ms. Anita Arjundas
Director (DIN 00243215)

Ms. Sangeeta Prasad
Director (DIN 02791944)

Jaipur, 17th April, 2017

ANNEXURE 7

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	:	U45209RJ2005PLC021207
2.	Registration Date	:	26/08/2005
3.	Name of the Company	:	MAHINDRA WORLD CITY (JAIPUR) LIMITED
4.	Category/Sub-category of the Company	:	Category: Company Limited by Shares Sub Category: Indian Non Government Company
5.	Address of the Registered office & contact details	:	4th Floor, 411, Neelkanth Tower, Bhawani Singh Road, C-Scheme, Jaipur, Rajasthan- 302001 Email: DESAI.PRATIK2@mahindra.com Tel. No. 91-141-3003461 Fax No. 91-141-2243060
6.	Whether listed company	:	No
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	:	Not Applicable for equity and preference shares. For Non-Convertible Debentures: Karvy Computershare Private Limited Karvy Selenium, Tower- B, Plot No 31 & 32., Financial district, Nanakramguda, Hyderabad - 500032 Telephone: +91 40 67162222 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 products/services	NIC Code of the Product/service*	% to total turnover of the company#
1	Other Specialized Constructions Activities [Development, Operation and Maintenance of Special Economic zone (SEZ) and Domestic Tariff Area (DTA)]	439	100%

***As per National Industrial Classification- Ministry of Statistics and Programme Implementation.**

 # on the basis of Gross Turnover.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of company	Country	CIN/GLN	Holding/ Subsidiary/ Associate	% holding as at 31.03.2016	Applicable Section
1	Mahindra Lifespace Developers Limited Address- Mahindra Towers 5th floor, Worli , Mumbai-400018, Maharashtra	India	L45200MH1999PLC118949	Holding	74%	Section 2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

a) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2016]				No. of Shares held at the end of the year [As on 31-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.	–	150,000,000	150,000,000	100	–	150,000,000	150,000,000	100	0.00
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A)	–	150,000,000	150,000,000	100	–	150,000,000	150,000,000	100	0.00
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 `. 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of ` 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 Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	150,000,000	150,000,000	100	–	150,000,000	150,000,000	100	0.00

b) Shareholding of Promoter-

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Mahindra Lifespace Developers Limited	110,999,940	73.99	–	110,999,940	73.99	–	0.00
2	Mahindra Lifespace Developers Limited & Mr. Narayan Shankar	10	0.000005	–	10	0.000005	–	0.00
3	Mahindra Lifespace Developers Limited & Mr. Arun Nanda	10	0.000005	–	10	0.000005	–	0.00
4	Rajasthan State Industrial Development & Investment Corporation Limited (RIICO)	39,000,000	26	–	39,000,000	26	–	0.00
5	Mahindra Lifespace Developers Limited & Mr. Suhas Kulkarni	10	0.000005	–	10	0.000005	–	0.00
6	Mahindra Lifespace Developers Limited & Ms. Anita Arjundas	10	0.000005	–	10	0.000005	–	0.00
7	Mahindra Lifespace Developers Limited & Ms. Sangeeta Prasad	10	0.000005	–	10	0.000005	–	0.00
8	Mahindra Lifespace Developers Limited & Mr. Sanjay Srivastava	10	0.000005	–	10	0.000005	–	0.00
	Total	**150,000,000**	**100.00**	–	**150,000,000**	**100.00**	–	**0.00**

c) Change in Promoters' Shareholding (please specify, if there is no change): No Change

d) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs): Nil

e) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
	Mahindra Lifespace Developers Limited & Mr. Arun Nanda	10	0.000005	10	0.000005
	Mahindra Lifespace Developers Limited & Ms. Anita Arjundas	10	0.000005	10	0.000005
	Mahindra Lifespace Developers Limited & Ms. Sangeeta Prasad	10	0.000005	10	0.000005
	Mahindra Lifespace Developers Limited & Mr. Sanjay Srivastava	10	0.000005	10	0.000005
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc.):	–	–	–	–
	At the end of the year				
	Mahindra Lifespace Developers Limited & Mr. Arun Nanda	10	0.000005	10	0.000005
	Mahindra Lifespace Developers Limited & Ms. Anita Arjundas	10	0.000005	10	0.000005
	Mahindra Lifespace Developers Limited & Ms. Sangeeta Prasad	10	0.000005	10	0.000005
	Mahindra Lifespace Developers Limited & Mr. Sanjay Srivastava	10	0.000005	10	0.000005

f) INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(` in lakh)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	28,944.84	4,999.34	–	33,944.18
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	2,282.90	–	–	2,282.90
Total (i+ii+iii)	31,227.74	4,999.34	–	36,227.08
Change in Indebtedness during the financial year				
Addition	14,953.60	–	–	14,953.60
Reduction	(13,207.15)	(4,999.34)	–	(18,206.49)
Net Change	1,746.45	(4,999.34)	–	(3,252.89)
Indebtedness at the end of the financial year				
i) Principal Amount	31,430.00	–	–	31,430.00
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	1,544.19	–	–	1,544.19
Total (i+ii+iii)	**32,974.19**	–	–	**32,974.19**

V REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(` in lakh)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
		Mr. Sanjay Srivastava (Manager)*	
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	39.21	39.21
	(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 related perquisites	–	–
3.	Sweat Equity	–	–
4.	Commission – as % of profit – others, specify	–	–
5.	Others, please specify	–	–
	Total (A)	39.21	39.21
	Ceiling as per the Act	345.26	345.26

* Mr. Sanjay Srivastava was a Manager and COO. He became CEO with effect from 20th July, 2016

B. Remuneration to other directors:

(` in lakh)

Sr. No.	Particulars of Remuneration	Name of Directors		Total Amount
		Mr. Maheswar Sahu	Mr. Salil Singhal	
1	Independent Directors			
	Fee for attending board committee meetings	0.90	0.40	1.30
	Commission	–	–	–
	Others, please specify	–	–	–
	Total (1)	0.90	0.40	1.30

(` in lakh)

Sr. No.	Particulars of Remuneration	Name of Directors		Total Amount
		Mr. Maheswar Sahu	Mr. Salil Singhal	
2	Other Non-Executive Directors			
	Fee for attending board committee meetings	–	–	–
	Commission	–	–	–
	Others, please specify	–	–	–
	Total (2)	–	–	–
	Total (B)=(1+2)	0.90	0.40	1.30
	Total Managerial Remuneration (A + B)	–	–	40.51
	Overall Ceiling as per the Act	N.A.		N.A.

C. Remuneration to key managerial personnel other than MD/Manager/WTD:

		(` in lakh)			
Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO*	CS	CFO	Total
1	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	90.93	1.90	56.79	149.62
	(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 related perquisites	–	–	–	–
3	Sweat Equity	–	–	–	–
4	Commission				
	- as % of profit	–	–	–	–
	others, specify...	–	–	–	–
5	Others, please specify	–	–	–	–
	Total	90.93	1.90	56.79	149.62

* Mr. Sanjay Srivastava was a Manager and COO. He became CEO with effect from 20th July, 2016

VI. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

There was no penalties/punishments/compounding of offences for the year ending 31st March, 2017.

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,

Ms. Anita Arjundas
Director
DIN: 00243215

Ms. Sangeeta Prasad
Director
DIN: 02791944

Jaipur, 17th April, 2017

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
MAHINDRA WORLD CITY (JAIPUR) LIMITED

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Mahindra World City (Jaipur) 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 sessments, 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 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 on the separate financial statements, 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 31 to the financial statements).

(ii) The Company has made provision, as required under the applicable law or accounting standards, for 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 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 40 to the 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. 008072S)

Geetha Suryanarayanan
Partner
(Membership No. 29519)

Place: Chennai
Date: 17th April, 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 World City (Jaipur) 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, 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 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 17, 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) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals, According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) With respect to the leasehold land on which the properties are constructed by the company, based on examination of the registered lease deeds provided to us, we report that the lease agreements are in the name of the Company as at the balance sheet date where the company is the lessee in the agreement.

(ii) In our opinion and according to the information and explanations given to us, having regard to the nature of inventory, the physical verification by way of verification of lease deeds, physical verification of materials, site visits by the Management and certification of extent of work completion by competent persons, are at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provide guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposits 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 subsection (1) of Section 148 of the Companies Act, 2013, and are 'of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' Stale Insurance, Income-tax, Sales Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.

(c) The details of dues of Income Tax which have not been deposited as on 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 (` In Lacs)	Amount unpaid (` In Lacs)
Jaipur Development Authority Act 1982	Urban assessment/ Shahri Jamabandi	Jaipur Development Authority	2006-16	32,179	31,729

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to debenture holders.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 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 and based on the Company's confirmation that they are covered under Para (d), Section III (Remuneration payable by companies having no profit or inadequate profit without Central Government approval in special circumstances), Part II of Schedule V to the Companies Act, 2013, relating to company in a Special Economic Zone as notified by the Department of Commerce, the managerial remuneration paid/provided by the Company is in accordance with Section 197 read with the above Schedule V of the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 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 Suryanarayana
Partner
(Membership No. 29519)

Place: Chennai
Date: April 17, 2017

BALANCE SHEET AS AT 31ST MARCH, 2017

` in Lakh

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	3	**6,554.85**	7,089.61	6,536.13
(b) Capital Work-in-Progress		**436.74**	195.40	653.97
(c) Investment Property	4	**9,134.92**	9,276.01	9,474.08
(d) Other Intangible Assets	5	**–**	–	–
(e) Financial Assets				
(i) Investments	6	**–**	–	–
(ii) Trade receivables	7	**–**	–	–
(iii) Loans	8	**107.88**	88.14	72.37
(iv) Other Financial Assets	9	**–**	–	–
(f) Deferred Tax Assets (Net)				
(g) Other Non-current Assets	10	**923.29**	1,733.40	1,501.92
SUB-TOTAL		**17,157.68**	18,382.56	18,238.47
CURRENT ASSETS				
(a) Inventories	11	**45,077.83**	46,393.20	43,811.88
(b) Financial Assets				
(i) Investments	6	**4,224.22**	425.20	5,975.05
(ii) Trade Receivables	7	**616.99**	820.66	622.42
(iii) Cash and Cash Equivalents	12	**2,415.89**	629.84	276.90
(iv) Other Bank Balances	12	**11.56**	166.76	240.30
(v) Loans	8	**–**	–	–
(vi) Other Financial Assets	9	**160.00**	120.86	22.67
(c) Other Current Assets	10	**406.79**	394.79	158.41
SUB-TOTAL		**52,913.28**	**48,951.31**	**51,107.63**
TOTAL ASSETS		**70,070.96**	**67,333.87**	**69,346.10**
II EQUITY AND LIABILITIES				
1 EQUITY				
(a) Equity Share Capital	13	**15,000.00**	15,000.00	15,000.00
(b) Other Equity	14	**11,009.60**	7,053.90	6,907.55
SUB-TOTAL		**26,009.60**	22,053.90	21,907.55
LIABILITIES				
2 NON-CURRENT LIABILITIES				
(a) Financial Liabilities				
(i) Borrowings	15	**19,431.25**	16,434.56	28,914.55
(ii) Trade Payables	16	**–**	–	–
(iii) Other Financial Liabilities	17	**56.58**	20.27	730.95
(b) Provisions	18	**528.59**	1,157.93	1,406.87
(c) Deferred Tax Liabilities (Net)	19	**2,066.73**	1,952.85	1,852.20
(d) Other Non-current Liabilities	20	**617.81**	279.89	191.22
SUB-TOTAL		**22,700.96**	19,845.50	33,095.79
3 CURRENT LIABILITIES				
(a) Financial Liabilities				
(i) Borrowings	21	**–**	5,000.00	76.96
(ii) Trade Payables	16	**805.47**	883.31	860.35
(iii) Other Financial Liabilities	17	**17,302.29**	17,124.94	11,308.58
(b) Provisions	18	**1,437.18**	798.31	535.49
(c) Current Tax Liabilities (Net)				
(d) Other Current Liabilities	20	**1,815.46**	1,627.91	1,561.38
TOTAL LIABILITIES		**21,360.40**	25,434.47	14,342.76
TOTAL EQUITY AND LIABILITIES		**70,070.96**	67,333.87	69,346.10

See accompanying notes to the financial statements
In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Geetha Suryanarayanan
Partner
Membership No : 29519

Place : Chennai
Date : April 17, 2017

Sanjay Srivastava
Chief Executive Officer

Pratik Desai
Company Secretary
(ACS: A30026)

For and on behalf of the Board of Directors

Maheswar Sahu Director (DIN: 00034051)
Anita Arjundas Director (DIN: 00243215)

Place : Jaipur
Date : April 17, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

` in Lakh

	Particulars	Note No.	Year ended 31st March, 2017	Year ended 31st March, 2016
I	Revenue from operations	22	17,168.61	8,245.61
II	Other income	23	359.25	325.00
III	**Total Revenue (I + II)**		17,527.86	8,570.61
IV	**EXPENSES**			
	(a) Cost of land and Project development		1,742.72	2,214.41
	(b) (Increase)/Decrease in inventories of finished goods, work-in-progress and stock-in-trade	24	1,315.37	(2,581.32)
	(c) Employee benefit expense	25	590.85	657.33
	(d) Finance costs	26	3,941.93	4,126.07
	(e) Depreciation and amortisation expense		767.99	860.60
	(f) Impairment expenses/losses		–	–
	(g) Other expenses	27	2,194.29	1,897.76
			10,553.15	7,174.85
	Less : Capitalized		(0.15)	(28.04)
	Total Expenses- (IV)		10,553.00	7,146.81
V	**Profit/(loss) before exceptional items and tax (III - IV)**		6,974.86	1,423.80
VI	**Exceptional Items**		–	–
VII	**Profit/(loss) before tax (V - VI)**		6,974.86	1,423.80
VIII	**Tax Expense**			
	(1) Current tax	28	2,355.48	628.20
	(2) Deferred tax	28	113.89	100.63
	Total tax expense- (VIII)		2,469.37	728.83
IX	**Profit/(loss) after tax from continuing operations (VII - VIII)**		4,505.49	694.97
X	**Profit/(Loss) from continuing operations for the period attributable to:**			
	Owners of the Company		4,505.49	694.97
	Non controlling interests			
			4,505.49	694.97
XI	**Other comprehensive income**		(8.18)	(7.00)
	A (i) Items that will not be recycled to profit or loss			
	(a) Remeasurements of the defined benefit liabilities/(asset)		(8.18)	(7.00)
XII	**Total comprehensive income for the period (XV + XVIII)**		4,497.31	687.97
XIII	**Total comprehensive income for the period attributable to:**			
	Owners of the Company		4,497.31	687.97
	Non controlling interests		–	–
XIV	**Earnings per equity share (for continuing operation):**			
	(1) Basic	29	3.00	0.46

See accompanying notes to the financial statements
In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Geetha Suryanarayanan
Partner
Membership No : 29519

Place : Chennai
Date : April 17, 2017

Sanjay Srivastava
Chief Executive Officer

Pratik Desai
Company Secretary
(ACS: A30026)

For and on behalf of the Board of Directors

Maheswar Sahu Director (DIN: 00034051)
Anita Arjundas Director (DIN: 00243215)

Place : Jaipur
Date : April 17, 2017

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2017

` in Lakh

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Cash flows from operating activities		
Profit before tax for the year	**6,974.86**	1,423.80
Non-cash adjustment to reconcile profit before tax to net cash flows		
Finance costs recognised in profit or loss	**3,941.93**	4,126.07
Interest Income	**(102.22)**	(66.48)
Investment income recognised in profit or loss	**(245.45)**	(235.22)
Loss/(Gain) on disposal of property, plant and equipment	**15.19**	–
Gain/(Loss) on Actuarial Valuation Adjustment in OCI	**(8.18)**	(7.00)
Depreciation and amortisation of non-current assets	**767.99**	860.60
Operating Profit/(Losses) before working capital changes	**11,344.12**	6,101.77
Movements in working capital:		
(Increase)/Decrease in trade and other receivables	**203.67**	(198.24)
(Increase)/Decrease in inventories	**1,315.37**	(2,581.32)
(Increase)/Decrease other Non Current and current assets	**93.21**	(613.20)
(Increase)/Decrease Financial Assets – Loans	**(19.74)**	(15.77)
Increase/(Decrease) in trade and other payables	**(77.84)**	22.96
Increase/(Decrease) in financial liabilities	**1,486.27**	(80.70)
Increase/(Decrease) in other liabilities	**525.47**	155.20
Increase/(Decrease) in Provision	**17.57**	39.08
Cash generated from operations	**14,888.10**	2,829.78
Income taxes paid	**(1,660.95)**	(537.40)
Net cash generated by operating activities	**13,227.15**	2,292.38
Cash flows from investing activities		
Payments for property, plant and equipment	**(361.33)**	(809.34)
Purchase of current investments	**(30,351.78)**	(21,530.60)
Redemption of current investments	**26,798.21**	27,315.67
Interest Income received	**125.37**	62.31
Investment in fixed deposit for more than 3 months	**(62.29)**	(94.02)
Payments for investment property	**–**	(9.86)
(Investment)/Redemption of Earmarked Fixed Deposits	**155.20**	73.54
Net cash (used in)/generated by investing activities	**(3,696.62)**	**5,007.70**

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31ST, 2017

` in Lakh

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Cash flow from financing activities		
Proceeds from borrowings	**15,000.00**	5,000.00
Repayment of borrowings	**(17,500.00)**	(7,576.96)
Dividend Paid	**(541.61)**	(541.61)
Interest Paid	**(4,702.87)**	(3,827.94)
Net cash used in financing activities	**(7,744.48)**	(6,946.51)
Net increase in cash and cash equivalents	**1,786.05**	353.56
Cash and cash equivalents at the beginning of the year	**629.84**	276.28
Cash and cash equivalents at the end of the year	**2,415.89**	629.84
Components of cash and cash equivalents		
Cash on hand	**0.53**	0.20
With banks	**–**	–
– on current account	**2,415.36**	629.64
– on deposit account	**–**	–
Total cash and cash equivalents (note 15)	**2,415.89**	**629.84**

See accompanying notes to the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Geetha Suryanarayanan
Partner
Membership No : 29519

Place : Chennai
Date : April 17, 2017

Sanjay Srivastava
Chief Executive Officer

Pratik Desai
Company Secretary
(ACS: A30026)

For and on behalf of the Board of Directors

Maheswar Sahu Director (DIN: 00034051)
Anita Arjundas Director (DIN: 00243215)

Place : Jaipur
Date : April 17, 2017

Statement of Changes In Equity

Particulars	Share Capital	Reserves and Surplus			Other Comprehensive Income	
	Equity Share Capital	Debenture Redemption reserve	Capital Redemption Reserve	Retained Earnings	Acturial Gain/Loss	Total
Balance at the beginning of the reporting period – April 1, 2016	15,000.00	6,208.33	–	852.57	(7.00)	22,053.90
Profit for the year				4,505.49		4,505.49
Additions during the year		1,554.17	5,000.00			6,554.17
OCI component of actuarial gains/ losses (Net of Taxes)					(8.18)	(8.18)
Dividends and tax thereon				(541.61)		(541.61)
Transfer to Debenture Redemption Reserve				(1,554.17)		(1,554.17)
Transfer to Capital Redemption Reserve				(5,000.00)		(5,000.00)
Transfer to Retained Earnings		(3,125.00)		3,125.00		–
Balance at the end of the reporting period – March 31, 2017	**15,000.00**	**4,637.50**	**5,000.00**	**1,387.28**	**(15.18)**	**26,009.60**

Particulars	Share Capital	Reserves and Surplus			Other Comprehensive Income	
	Equity Share Capital	Debenture Redemption reserve	Capital Redemption Reserve	Retained Earnings	Acturial Gain/Loss	Total
Balance at the beginning of the reporting period – April 1, 2015	15,000.00	5,614.58	–	1,292.96	–	21,907.54
Profit for the year				694.97		694.97
Additions during the year		2,468.75		1,875.00		4,343.75
OCI component of actuarial gains/losses					(7.00)	(7.00)
Dividends and tax thereon				(541.61)		(541.61)
Transfer to Debenture Redemption Reserve				(2,468.75)		(2,468.75)
Transfer to Retained Earnings		(1,875.00)				(1,875.00)
Balance at the end of the reporting period – March 31, 2016	15,000.00	6,208.33	–	852.57	(7.00)	22,053.90

See accompanying notes to the financial statements
In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Geetha Suryanarayanan
Partner
Membership No : 29519

Place : Chennai
Date : April 17, 2017

Sanjay Srivastava
Chief Executive Officer

Pratik Desai
Company Secretary
(ACS: A30026)

For and on behalf of the Board of Directors

Maheswar Sahu Director (DIN: 00034051)
Anita Arjundas Director (DIN: 00243215)

Place : Jaipur
Date : April 17, 2017

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Note 1. General Information

The Company is engaged in the business of development of an Industrial park with Special Economic Zone (SEZ) and Domestic Tariff Area (DTA). The Company acquires land under lease, incurs expenditure on its development and related infrastructure facilities and gives them on a long-term lease for industrial, commercial and residential use. The Company also maintains the Industrial Park for which it collects operation and maintenance charges from the lessees.

Note 2. Significant Accounting Policies

2.1 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 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 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 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

2.3.1 Land Lease Premium

Land lease premium is recognized as income upon creation of leasehold rights in favour of the lessee or upon an agreement to create leasehold rights with handing over of possession.

2.3.2 Income from properties

Income from properties and other assets given under operating lease is recognised based on the terms of lease agreement on a straight-line basis over the non-cancellable lease period.

2.3.3 Income from O&M

Income from operation & maintenance charges and water charges are recognized on an accrual basis as per terms of the agreement with the lessees.

2.3.4 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.

2.3.5 Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. The assets given by the Company on operating leases are capitalised in the books as fixed assets. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

2.4 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.4.1 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 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.

2.4.2 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 way the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.4.3 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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

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.

2.5 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.

2.6 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.

2.7 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.

2.8 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.

2.9 Investment Property:

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes).Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, Investment properties are measured in accordance with IND AS 16's requirements.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated at the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

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.

2.11 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.

2.12 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.

2.12.1 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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

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 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.

2.15 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 market place.

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

2.15.1 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.

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.

2.15.2 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.

2.15.3 Investments in equity instruments at FVTOCI

On initial recognition, the Company can make an irrevocable election (on an instrument by – instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

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 Company manages together and has a recent actual pattern of short term
- profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or
- a financial guarantee.

2.15.4 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.

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.

2.15.5 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, and other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

NOTES TO 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. 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.

2.15.6 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.

2.15.7 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.

2.16 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.

2.16.1 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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

2.16.1.1 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.

2.16.1.2 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 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.

2.16.1.3 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.

2.17 Earnings per Share

Basic/Diluted earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) and after reducing the dividend obligation (including Dividend Distribution Tax) on Preference Shares by the weighted average number of equity shares outstanding during the year.

2.18 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.

<u>Defined benefit plans</u>

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.

<u>Short-term employee benefits</u>

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.

<u>Long-term employee benefits</u>

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.

2.19 Insurance Claims:

Insurance claims are accounted for on the basis of claims admitted/expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

2.20 Service tax input credit:

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing/utilising the credits.

2.21 First-time adoption – mandatory exceptions, optional exemptions, and

2.21.1 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.

2.21.2 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).

2.21.3 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.

2.21.4 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.

2.21.5 Deemed cost for property, plant and equipment, investment properties and intangible assets:

The Company has not elected the exemption of previous GAAP carrying value for its Property, Plant and Equipment and Intangible Assets recognized as of April 1, 2015 (transition date) as deemed cost. Consequently, these items are carried at values arrived at by applying the Ind AS retrospectively.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

2.22 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 3. Property, Plant and Equipment

` in Lakh

Carrying Amounts of:	**As at 31st March, 2017**	As at 31st March, 2016	As at 1st April, 2015
Land - Lease hold	**19.65**	20.23	20.44
Buildings - Freehold	**4,765.01**	4,887.96	4,298.20
Plant & Equipment-Freehold	**1,492.59**	1,738.06	1,614.03
Office Equipment	**21.75**	28.12	18.90
Furniture and Fixtures	**231.36**	390.89	551.49
Vehicles	**22.03**	16.46	24.33
Computers	**2.46**	7.89	8.74
Total	**6,554.85**	**7,089.61**	**6,536.13**

Description of Assets	Land - Leasehold	Buildings - Freehold	Plant and Equipment - Freehold	Office Equipment	Furniture and Fixtures	Vehicles	Computer	Total
I. Gross Carrying Amount								
Balance as at 1st April 2016	20.55	5,301.37	2,653.17	49.23	1,485.21	51.37	60.84	**9,621.74**
Additions	–	90.65	1.93	1.39	0.87	12.10	1.01	**107.95**
Disposals	–	18.60	1.93	3.64	0.48	6.71	4.96	**36.32**
Balance as at 31st March 2017	**20.55**	**5,373.42**	**2,653.17**	**46.98**	**1,485.60**	**56.76**	**56.89**	**9,693.37**
II. Accumulated depreciation and impairment								
Balance as at 1st April 2016	0.32	413.41	915.11	21.11	1,094.32	34.91	52.95	**2,532.13**
Depreciation expense for the year	0.58	197.79	249.43	7.34	160.41	6.53	4.82	**626.90**
Eliminated on disposal of assets	–	2.79	1.93	3.64	0.48	6.71	4.96	**20.51**
Balance as at 31st March 2017	**0.90**	**608.41**	**1,160.58**	**25.23**	**1,254.24**	**34.73**	**54.43**	**3,138.52**
III. Net carrying amount (I-II)	**19.65**	**4,765.01**	**1,492.59**	**21.75**	**231.36**	**22.03**	**2.46**	**6,554.85**

Description of Assets	Land - Leasehold	Buildings - Freehold	Plant and Equipment - Freehold	Office Equipment	Furniture and Fixtures	Vehicles	Computer	Total
I. Gross Carrying Amount								
Balance as at 1st April 2015	20.55	4,566.27	2,211.09	33.38	1,483.95	45.46	54.89	**8,415.59**
Additions	–	735.10	442.08	15.85	1.26	5.91	5.95	**1,206.15**
Balance as at 31st March 2016	**20.55**	**5,301.37**	**2,653.17**	**49.23**	**1,485.21**	**51.37**	**60.84**	**9,621.74**
II. Accumulated depreciation and impairment								
Balance as at 1st April 2015	0.11	268.07	597.06	14.48	932.46	21.13	46.15	**1,879.46**
Depreciation expense for the year	0.21	145.34	318.05	6.63	161.86	13.78	6.80	**652.67**
Balance as at 31st March 2016	**0.32**	**413.41**	**915.11**	**21.11**	**1,094.32**	**34.91**	**52.95**	**2,532.13**
III. Net carrying amount (I-II)	**20.23**	**4,887.96**	**1,738.06**	**28.12**	**390.89**	**16.46**	**7.89**	**7,089.61**

Note:

Refer note 1 and 2 for Company's policy on recognition and measurement of Property Plant, Equipment and Depreciation Methods Used.

Note 4. Investment Property

` in Lakh

Carrying Amounts of:	**As at 31st March, 2017**	As at 31st March, 2016	As at 1st April, 2015
Completed Investment Properties (Net Value)	**9,134.92**	9,276.01	9,474.08

Description of Assets	Land	Buildings	Total
I. Gross Carrying Amount			
Balance as at 1st April 2016	422.53	10,052.34	10,474.87
Additions	–	–	–
Balance as at 31st March 2017	**422.53**	**10,052.34**	**10,474.87**
II. Accumulated depreciation and impairment			
Balance as at 1st April 2016	40.18	1,158.68	1,198.86
Additions	3.85	137.24	141.09
Balance as at 31st March 2017	**44.03**	**1,295.92**	**1,339.95**
III. Net carrying amount (I-II)	**378.50**	**8,756.42**	**9,134.92**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Description of Assets	Land	Buildings	Total
I. Gross Carrying Amount			
Balance as at 1st April 2015	422.53	10,042.48	10,465.01
Transferred from Inventories and Property, Plant and Equipment	–	9.86	9.86
Balance as at 31st March 2016	**422.53**	**10,052.34**	**10,474.87**
II. Accumulated depreciation and impairment			
Balance as at 1st April 2015	35.97	954.96	990.93
Additions	4.21	203.72	207.93
Balance as at 31st March 2016	**40.18**	**1,158.68**	**1,198.86**
III. Net carrying amount (I-II)	**382.35**	**8,893.66**	**9,276.01**

Fair value disclosure on Company's investment properties

(i) The Company's investment properties consist of land and building with current rentable area of 4.30 Lakh sq. ft. Management determined that the investment properties consist of two classes of assets – Land and Building – based on the nature, characteristics and risks of each property.

(ii) As at 31st March, 2017 and 31st March, 2016, the fair values of the properties are ` 17,722 Lakhs and ` 17,678 Lakhs respectively (Level 3). These valuations are based on valuations performed by Purshotam Khandelwal, an accredited independent valuer. Purshotam Khandelwal is a specialist in valuing these types of investment properties.

(iii) The Company has no restrictions on the realisability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Description of valuation techniques used and key inputs to valuation on investment properties:

Valuation technique – Income Approach Method

` in Lakh

	Range (weighted average)	
Significant unobservable Inputs	**As at 31st March, 2017**	As at 31st March, 2016
Annual Rental	**1,994.24**	1,896.51
Less: Repairs & Maintenance & Mgmt. Exp, Insurance Etc. 15%	**299.14**	284.48
Net Annual Rental	**1,695.10**	1,612.03
Capitalized Net Yield	**10.00%**	10.00%
Net Annual Income	**16,951.03**	16,120.37
Total Built Up area (Sq Ft area)	**430,672**	430,672
Rented Built Up Area	**415,240**	394,501
Area under Possession MWCJ	**15,432**	36,171
Market Rate/Sq ft ` 5,000 Year 2016-17 ` 4,250 Year 2015-16	**771.58**	1,537.25
Total Market Value	**17,722.61**	**17,657.62**

` in Lakh

	Range (weighted average)	
Significant unobservable Inputs	**As at 31st March, 2017**	As at 31st March, 2016
Realisable Value 75%	**13,291.96**	13,243.22
Realisable Value (In CR)	**132.92**	132.43
Distress Sale Value 50%	**8,861.31**	8,828.81
Distress Sale Value (In CR)	**88.61**	88.29

Basis of Valuation Method:- Valuation is carried out by income approach method (also called Yield Method) in which appropriate rate of return is capitalised to reach the market value of the property of the portion rented out and sales comparable method used for the portion pending to be rented out.

Note 5. Other Intangible Assets

` in Lakh

Carrying Amounts of:	**As at 31st March, 2017**	As at 31st March, 2016	As at 1st April, 2015
Other Intangible Assets	**–**	**–**	**–**

Description of Assets	Computer Software	Total
I. Gross Carrying Amount		
Balance as at 1st April 2016	52.03	52.03
Additions	–	–
Disposals	–	–
Balance as at 31st March 2017	**52.03**	**52.03**
II. Accumulated depreciation and impairment		
Balance as at 1st April 2016	52.03	52.03
Amortisation expense for the year	–	–
Eliminated on disposal of assets	–	–
Balance as at 31st March 2017	**52.03**	**52.03**
III. Net carrying amount (I-II)	**–**	**–**

Description of Assets	Computer Software	Total
Intangible Assets		
I. Gross Carrying Amount		
Balance as at 1st April 2015	52.03	52.03
Additions from separate acquisitions	–	–
Disposals	–	–
Balance as at 31st March 2016	**52.03**	**52.03**
II. Accumulated depreciation and impairment		
Balance as at 1st April 2015	52.03	52.03
Amortisation expense for the year	–	–
Balance as at 31st March 2016	**52.03**	**52.03**
III. Net carrying amount (I-II)	**–**	**–**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Note 6. Investments

` in Lakh

Particulars	As at 31st March, 2017		As at 31st March, 2016		As at 1st April, 2015	
	Amounts	Amounts	Amounts	Amounts	Amounts	Amounts
	Current	Non Current	Current	Non Current	Current	Non Current
I. Unquoted Investments (all fully paid)						
Investments in Mutual Funds	**4,224.22**		425.20		5,975.05	
Total Unquoted Investments	**4,224.22**	**–**	**425.20**	**–**	**5,975.05**	**–**
INVESTMENTS CARRIED AT FVTPL	**4,224.22**	**–**	**425.20**	**–**	**5,975.05**	**–**
Of the above, investments designated as FVTPL	4,224.22		425.20		5,975.05	
TOTAL INVESTMENTS CARRIED AT FAIR VALUE	**4,224.22**	**–**	**425.20**	**–**	**5,975.05**	**–**
TOTAL INVESTMENTS	**4,224.22**	**–**	**425.20**	**–**	**5,975.05**	**–**
TOTAL INVESTMENTS CARRYING VALUE	**4,224.22**	**–**	**425.20**	**–**	**5,975.05**	**–**
Other disclosures						
Aggregate amount of Market value of investments	**4,224.22**		**425.20**		**5,975.05**	

Refer Schedule for disclosure of Measurement Requirements as per IND AS 107, 109, 113

Note 7. Trade receivables

` in Lakh

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 receivables						
(a) Secured, considered good						
(b) Unsecured, considered good	**616.99**		820.66		622.42	
(c) Doubtful						
Less: Allowance for Credit Losses						
TOTAL	**616.99**	**–**	**820.66**	**–**	**622.42**	**–**
Of the above, trade receivables from:						
– Related Parties			8.46		0.07	
– Others			812.20		622.35	
TOTAL	**616.99**	**–**	**820.66**	**–**	**622.42**	**–**

(i) Trade receivables are dues in respect of services rendered in the normal course of business.
(ii) The average credit period on service rendered is as per the terms of the service agreement with clients. Refer Note no. 39 for Credit Risk Management on Receivables.
(iii) 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 8. Loans

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
Security Deposits						
– Secured, considered good						
– Unsecured, considered good		**107.88**		88.14		72.37
– Doubtful						
Less: Allowance for Credit Losses						
GRAND TOTAL	**–**	**107.88**	**–**	**88.14**	**–**	**72.37**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Note 9. Other financial 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
Financial assets at amortised cost						
(a) Interest Accrued	**3.69**	**–**	26.84	–	22.67	–
(b) Fixed Deposits	**156.31**	**–**	94.02	–	–	–
Total	**160.00**	**–**	**120.86**	**–**	**22.67**	**–**

Note 10. 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						
(i) For Capital work in progress		**26.27**		36.65		91.18
(b) Advances other than capital advances						
(i) Balances with government authorities (other than income taxes)	**49.75**	**82.91**	53.60	82.91	15.42	82.91
(ii) Income Tax		**394.03**		1,088.56		1,179.37
(iii) Taxes paid under Protest		**406.88**		406.88		
(iv) Prepaid Expenses	**71.60**	**13.20**	34.56	118.40	20.96	148.46
(v) Others	**285.44**		306.63		122.03	
Total	**406.79**	**923.29**	**394.79**	**1,733.40**	**158.41**	**1,501.92**

Note 11. Inventories

` in Lakh

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Work-in-progress (Representing cost of land and related expenditure)	**45,077.83**	46,393.20	43,811.88
Total Inventories (at lower of cost and net realisable value)	**45,077.83**	**46,393.20**	**43,811.88**
Included above:			
Land Cost	**21,731.41**	22,895.21	23,339.86
Development Cost	**23,346.42**	23,497.99	20,472.02
Total	**45,077.83**	**46,393.20**	**43,811.88**
Borrowing Cost inventorised in the above	**1,246.42**	**1,447.53**	**1,835.20**

(i) The cost of inventories recognised as an expense during the year in respect of continuing operations was ` 4,520.43 Lakh (31st March 2016: ` 1,358.22 Lakh; 31st March 2015: ` 2,698.22 Lakh).

(ii) The carrying amount of inventories is pledged as security for liabilities. Refer Note No. 15 – Non-Current Borrowings.

(iii) Mode of valuation of inventories is cost or net realisable value, whichever is less.

(iv) Borrowing cost inventorised relates to interest on borrowings referred in Note 15 a. and Series III of borrowings referred to in Note 15 c. considered in the ratio of land inventory pending to be developed to the total inventory.

Note 12. Cash and cash equivalents

` in Lakh

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Cash and cash equivalents			
(a) Balances with banks	**2,415.36**	629.64	276.28
(b) Cheques, drafts on hand	**–**	–	–
(c) Cash on hand	**0.53**	0.20	0.62
Total Cash and cash equivalent	**2,415.89**	**629.84**	**276.90**
Other Bank Balances			
(a) Earmarked balances with banks	**11.56**	166.76	240.30
Total Other Bank balances	**11.56**	166.76	240.30
Grand Total	**2,427.45**	**796.60**	**517.20**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Note 13. Equity Share Capital

` in Lakh

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Equity Share Capital	**15,000.00**	**15,000.00**	**15,000.00**

` in Lakh

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Authorised Share Capital:			
150,000,000 fully paid equity shares of ` 10 each...........................	**15,000.00**	15,000.00	15,000.00
Issued, Subscribed and Fully Paid:			
150,000,000 Equity shares of 10 each (as at 31st March, 2016 150000000 and 1st April, 2015 150,000,000)	**15,000.00**	15,000.00	15,000.00
Total	**15,000.00**	**15,000.00**	**15,000.00**

(a) **Terms/rights attached to equity shares:**

(i) 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 and carry right to dividends.

(ii) The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors are approved by the shareholders at the Annual General Meeting. The amount of dividend approved and distributed to equity shareholders is ` 4,50,00,000/- (Re. 0.30 per share) (Previous Year ` 4,50,00,000/- (Re. 0.30 per share)).Refer Note 41 for Dividends Proposed by the board in the current year.

(iii) Repayment of capital will be in proportion to the number of equity shares held.

(b) **Reconciliation of the number of shares outstanding at the beginning and at the end of the period**

Particulars	Opening Balance	Other Changes	Closing Balance
Equity Shares with Voting rights*			
Year Ended 31st March, 2017			
No. of Shares....................	150,000,000	–	150,000,000
Amount..............................	15,000	–	15,000
Year Ended 31st March, 2016			
No. of Shares....................	150,000,000	–	150,000,000
Amount..............................	15,000	–	15,000
Year Ended 1st April, 2015			
No. of Shares....................	150,000,000	–	150,000,000
Amount..............................	15,000	–	15,000

* Terms/rights attached to equity shares are mentioned in note 13 (a).

(c) **Details of shares held by each shareholder holding more than 5% shares:**

` in Lakh

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 Lifespace Developers Limited	**111000000**	**74%**	111000000	74%	111000000	74%
– Rajasthan State Industrial Development and Investment Corporation Limited..........................	**39000000**	**26%**	39000000	26%	39000000	26%

Note 14 (a) Other Equity

` in Lakh

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Retained earnings..	**1,372.10**	845.57	1,292.97
Capital redemption reserve..	**5,000.00**	–	–
Debenture redemption reserve	**4,637.50**	**6,208.33**	**5,614.58**
Total	**11,009.60**	**7,053.90**	**6,907.55**

Note 14 (b) Other Equity

Particulars	Capital Redemption Reserve	Debenture Redemption Reserve	Retained Earnings	Total
As at 1st April, 2015	**–**	**5,614.58**	**1,292.97**	**6,907.55**
Profit/(Loss) for the period – As per I - GAAP....................................			1,286.09	1,286.09
Other Comprehensive Income/(Loss)...				–
Total Comprehensive Income for the year	**–**	**5,614.58**	**2,579.06**	**8,193.64**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	Capital Redemption Reserve	Debenture Redemption Reserve	Retained Earnings	Total
Dividend paid on Equity Shares		–	(450.00)	(450.00)
Dividend Distribution Tax		–	(91.61)	(91.61)
Transfers to Debenture Redemption Reserve		–	(2,468.75)	(2,468.75)
Transfers to Capital Redemption Reserve		–	–	–
Transfers to Reserves		(1,875.00)	1,875.00	–
Transfers from retained earnings		2,468.75		2,468.75
Exercise of employee stock options			(15.92)	(15.92)
Any other changes (to be specified)			(582.21)	(582.21)
As at 31st March, 2016	**–**	**6,208.33**	**845.57**	**7,053.90**
Profit/(Loss) for the period			4,505.49	4,505.49
Other Comprehensive Income/(Loss)			(8.18)	(8.18)
Total Comprehensive Income for the year	**–**	**6,208.33**	**5,342.88**	**11,551.21**
Dividend paid on Equity Shares			(450.00)	(450.00)
Dividend Distribution Tax			(91.61)	(91.61)
Transfers to Debenture Redemption Reserve			(1,554.17)	(1,554.17)
Transfers to Capital Redemption Reserve			(5,000.00)	(5,000.00)
Transfers from retained earnings	5,000.00	1,554.17		6,554.17
Transfers to retained earnings		(3,125.00)	3,125.00	–
As at 31st March, 2017	**5,000.00**	**4,637.50**	**1,372.10**	**11,009.60**

Note 15. Non-Current Borrowings

` in Lakh

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Measured at amortised cost			
Secured Borrowings:			
(a) Bonds/Debentures – Refer note 15 (a) to 15 (c)	**19,431.25**	16,434.56	23,916.14
(b) Other Loans		–	
Total Secured Borrowings	**19,431.25**	**16,434.56**	**23,916.14**
Un-Secured Borrowings:			
Other Loans – Refer note 15 (d)	**–**	–	4,998.41
Total Borrowings	**19,431.25**	**16,434.56**	**28,914.55**

Summary of Borrowing Arrangements:

15 a. 10.00% Redeemable Non Convertible Debentures

Company has issued 2,500 Redeemable Secured Non Convertible Debentures of ` 10 Lakh each aggregating to ` 250 Crores repayable in 3, 4 and 5 years in the ratio of 30:30:40 respectively along with redemption premium as below:-

Particulars	Series I	Series II	Series III
Face Value (`)	1,000,000	1,000,000	1,000,000
No. of Debentures	750	750	1,000
Total Value (`)	750,000,000	750,000,000	1,000,000,000
Redemption Premium per debenture (`)	77,835	110,794	147,421
Maturity Date	13-Jul-15*	13-Jul-16*	13-Jul-17

* Duly repaid on the effective due dates.

15 b. 10.90% Redeemable Non Convertible Debentures

Company has issued, on 19th December' 2015 10.90% – 650 Redeemable Secured Non Convertible Debentures, on 19th December' 2015 of ` 10 Lakh each aggregating to ` 65 Crores repayable in 3, 4 and 5 years in the ratio of 31:31:38 respectively as below:-

Particulars	Series I	Series II	Series III
Face Value (`)	1,000,000	1,000,000	1,000,000
No. of Debentures	200	200	250
Total Value (`)	200,000,000	200,000,000	250,000,000
Maturity Date	19-Dec-17	19-Dec-18	19-Dec-19

These Debentures are secured by way of first pari passu charge along with the debenture holders of ` 100 Crores (Out of ` 250 Crores issued in July'12) on the assets of the project (excluding specified assets) by way of constructive mortgage, through deposit of the title deeds with the Debenture Trustee. The Company has to maintain minimum fixed asset coverage ratio (FACR) of 1.25 X at all times during the currency of debentures.

15 c. 9.48% Redeemable Non Convertible Debentures

Company has issued, on 7th July' 2016, 150 Redeemable Secured Non Convertible Debentures of ` 10 Lakh each aggregating to ` 150 Crores repayable in 3, 4 and 5 years in the ratio of 30:30:90 respectively as below:-

Particulars	Series I	Series II	Series III
Face Value (`)	1,000,000	1,000,000	1,000,000
No. of Debentures	300	300	900
Total Value (`)	300,000,000	300,000,000	900,000,000
Coupon Rate (%)	N.A.	N.A.	9.48%
Interest Repayment	N.A.	N.A.	Annual
Redemption Premium (`)	93,469,500	131,090,300	N.A.
Maturity Date	8-Jul-19	7-Jul-20	7-Jul-21

First ranking pari passu charge on the specified Mortgaged Assets of the Company along with the NCD holder of ` 100 Crores (Out of ` 250 Crores issued in July'16) and ` 65 Crore by way of constructive mortgage, through deposit of the title deeds with the Debenture Trustee.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

The Company shall ensure that the requisite security cover of 1.25 X to the Secured Obligations shall be maintained throughout the tenor of the Debentures and this Deed.

15 d. Terms of Conversion/redemption of 8% Redeemable Cumulative Preference Shares (RCPS)

(a) The Company issued 25 Million 8% Redeemable Cumulative Preference Shares of ` 10/- each on 23rd December 2008. These Preference Shares are redeemed on due date i.e., 23rd December, 2016.

(b) The amount of interim dividend approved for distribution to preference shareholders at the time of redemption (refer (a) above) i.e., ` 1,45,75,342/- is paid (Re. 0.58 per share).

(c) The Company issued 25 Million 8% Redeemable Cumulative Preference Shares of ` 10/- each on 4th November, 2011. The Company has redeemed these shares on the due date i.e., on 4th November, 2016.

(d) The amount of interim dividend approved for distribution to preference shareholders at the time of redemption (refer (a) above) i.e., ` 1,18,35,616/- is paid (Re. 0.47 per share).

(e) The amount of dividend approved for distribution to preference shareholders i.e., ` 4,00,00,000/- (Re. 0.80 per share) (Previous Year ` 4,00,00,000/- (Re. 0.80 per share)) was paid in respect of FY 2015-16.

Non-Current Borrowings Oustanding Summary

` in Lakh

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
10.00% Redeemable Non Convertible Debentures................	–	9,978.83	17,454.52
10.90% Redeemable Non Convertible Debentures................	4,477.65	6,455.73	6,461.62
9.48% Redeemable Non Convertible Debentures................	14,953.60		–
8% Redeemable Cumulative Preference Shares Capital...........			4,998.41
Total	**19,431.25**	**16,434.56**	**28,914.55**

Note 16. Trade Payables

` in Lakh

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 and small enterprises	49.54		101.50		–	
Trade payable – Other than micro and small enterprises	755.93		781.81		860.35	
Total trade payables	**805.47**	**–**	**883.31**	**–**	**860.35**	**–**

Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

Refer Note 32 for Micro and Small Enterprises

Note 17. Other Financial Liabilities

` in Lakh

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			
(a) Security Deposits.....	56.58	20.27	730.95
(b) Other long term liabilities			
Total Non Current Other financial liabilities measured at amortised cost.............	**56.58**	20.27	730.95
Current			
(a) Current maturities of long-term debt	13,542.94	14,792.52	9,489.85
(b) Other liabilities	3759.35	2,332.42	1,818.73
Total Current Other financial liabilities measured at amortised cost	**17,302.29**	17,124.94	11,308.58
Total other financial liabilities	**17,358.87**	17,145.21	12,039.54

Refer Note No. 15 - Non-Current Borrowings for current maturities of long- term debt

Current Borrowings Outstanding Summary

` in Lakh

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
10.00% Redeemable Non Convertible Debentures................	9,999.04	9,793.18	9,489.85
10.90% Redeemable Non Convertible Debentures................	3,543.90	–	–
9.48% Redeemable Non Convertible Debentures................	–	–	–
8% Redeemable Cumulative Preference Shares Capital	–	4,999.34	–
Total	**13,542.94**	14,792.52	9,489.85

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Note 18. Provisions

` in Lakh

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) Provision for employee benefits						
– Long-term Employee Benefits	**46.94**	**58.12**	26.50	60.99	6.63	41.78
(b) Other Provisions	**1,390.24**	**470.47**	771.81	1,096.94	528.86	1,365.09
Total trade payables	**1,437.18**	**528.59**	**798.31**	**1,157.93**	**535.49**	**1,406.87**

(i) Long term employee benefit expense provision includes provision for leave encashment and gratuity.

(ii) Other provision majority includes provision on redemption of premium on Non-Convertible Debentures. Refer 15 a. and 15 c. The provision is not subject to discounting.

Details of movement in Other Provisions is as follows:

` in Lakh

Particulars	Amount
Balance at 1st April, 2015	**1,893.95**
Additional provisions recognised	646.05
Amounts used during the period	583.76
Balance at 31st March, 2016	**1,956.24**
Balance at 1st April, 2016	1,956.24
Additional provisions recognised	735.42
Amounts used during the period	830.95
Balance at 31st March, 2017	**1,860.71**

Note 19. Current Tax and Deferred Tax

Movement in deferred tax balances

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	**1,951.84**	**116.05**	**2,067.89**
Others – (Deferred tax on Security Deposits)	**2.35**	**(1.83)**	**0.52**
FVTPL financial asset	**1.09**	**26.83**	**27.92**
NCDs EIR	**36.84**	**(30.44)**	**6.40**
	1,992.12	**110.61**	**2,102.73**
Tax effect of items constituting deferred tax assets			
Provisions for Leave Encashment & Gratuity	**30.27**	**5.73**	**36.00**
Other Items (Unbilled Debtors)	**5.74**	**(5.74)**	**–**
Other Temporary Differences (Preliminary Expenses Written off)	**3.26**	**(3.26)**	**–**
	39.27	**(3.27)**	**36.00**
Net Tax Asset (Liabilities)			**2,066.73**

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			
Property, Plant and Equipment	1,820.28	131.56	1,951.84
Others – (Deferred tax on Security Deposits)	1.59	0.76	2.35
FVTPL financial asset	37.81	(36.72)	1.09
NCDs EIR	30.07	6.77	36.84
	1,889.75	102.37	1,992.12
Tax effect of items constituting deferred tax assets			
Provisions for Leave Encashment & Gratuity	16.75	13.52	30.27
Depreciation Adjustment due to Transition of Companies Act	4.51	(4.51)	–
Other Items (Unbilled Debtors)	14.33	(8.59)	5.74
Other Temporary Differences (Preliminary Expenses Written off)	1.96	1.30	3.26
	37.55	1.72	39.27
Net Tax Asset (Liabilities)	**1,852.20**		**1,952.85**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Note 20. Other Current Liabilities

` in Lakh

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	**1,559.08**		1,604.16		1,521.39	
b. Statutory dues						
– taxes payable (other than income taxes)	**256.38**		23.75		39.99	
– Employee Recoveries and Employer Contributions						
c. Others		**617.81**		279.89		191.22
TOTAL OTHER LIABILITIES	**1,815.46**	**617.81**	**1,627.91**	**279.89**	**1,561.38**	**191.22**

20 (a) Others include the rent free deposits received from customers treated as Advance income

Note 21. Short Term Borrowings

` in Lakh

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Secured Borrowings			
(a) Loans repayable on demand			
(1) From Banks	**–**	–	76.96
(2) from other parties			
(b) Other Loans	**–**	5,000.00	–
Total Short Term Borrowings	**–**	**5,000.00**	**76.96**

21 a. 9.50% Redeemable Non Convertible Debentures

Company has issued 50 Redeemable Secured Non Convertible Debentures of ` 1 Crore each aggregating to ` 50 Crores repayable in 1 year with call options on 06th Jan' 16, 29th Feb' 16, 06th Apr' 16 and 06th Jun'16. It can be fully exercised on these dates. As of 31st March 2016 company has not exercised its call option.

Particulars	Series I
Face Value (`)	10,000,000
No. of Debentures	50
Total Value (`)	500,000,000
Maturity Date	11-Jul-2016

These Debentures were secured by way of first pari passu charge along with:-

(i) the debenture holders of ` 175 Crores (as on 31st March'16) (Out of ` 250 Crores issued in July'12) as mentioned in Note No. 15 on the assets of the project (excluding specified assets) by way of constructive mortgage through deposit of the title deeds and Hypothecation with the Debenture trustee.

(ii) the debenture holders of ` 65 Crores as mentioned in Note No. 15 on the assets of the project (excluding specified assets) by way of constructive mortgage through deposit of the title deeds with the Debenture Trustee.

The Company has to maintain minimum fixed asset coverage ratio (FACR) of 1.25 times at all times during the currency of debentures.

(iii) These debentures have been paid in 11th July'16.

Note 22. Revenue from Operations

The following is an analysis of the company's revenue for the year from continuing operations.

` in Lakh

Particulars	As at 31st March, 2017	As at 31st March, 2016
Revenue from rendering of services		
(i) Land Lease Premium	**13,331.42**	4,896.50
(ii) Property Rentals- eVolve	**1,996.02**	1,872.77
(iii) Income from Operation and Maintenance	**1,841.17**	1,476.35
Total Revenue from Operations	**17,168.61**	**8,245.62**

Note 23. Other Income

` in Lakh

Particulars	As at 31st March, 2017	As at 31st March, 2016
(a) Interest Income		
(1) Interest on Bank Deposits	**45.29**	42.14
(2) Others	**56.93**	24.34
(b) Net gain/(loss) arising on financial assets designated as at FVTPL	**245.45**	235.22
(c) Miscellaneous Income	**11.58**	23.30
Total Other Income	**359.25**	**325.00**

Note 23 (a) Interest on others represent the interest received on income tax refund of ` 51.34 Lakh in FY' 17.

Note 24. Changes in inventories of finished goods, work-in-progress and stock-in-trade

` in Lakh

Particulars	As at 31st March, 2017	As at 31st March, 2016
Inventories at the end of the year:		
Finished goods		
Work-in-progress	**45,077.83**	46,393.20
Stock-in-trade		
	45,077.83	46,393.20
Inventories at the beginning of the year:		
Finished goods		
Work-in-progress	**46,393.20**	43,811.88
Stock-in-trade		
	46,393.20	43,811.88
Net (increase)/decrease	**1,315.37**	**(2,581.32)**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Note 25. Employee Benefits Expense

` in Lakh

Particulars	As at 31st March, 2017	As at 31st March, 2016
(a) Salaries and wages, including bonus	**535.01**	590.97
(b) Contribution to provident and other funds	**36.11**	41.82
(c) Share based payment transactions expenses		
(1) Equity-settled share-based payments	**8.88**	15.92
(2) Cash-settled share-based payments		
(d) Staff welfare expenses	**19.03**	15.62
(e) Other Comprehensive income reclassification	**(8.18)**	(7.00)
Total Employee Benefit Expense	**590.85**	**657.33**

Note 26. Finance Cost

` in Lakh

Particulars	As at 31st March, 2017	As at 31st March, 2016
(a) Interest expense	**3,516.30**	3,597.52
(b) Dividend on redeemable preference shares	**329.00**	446.54
(c) Other borrowing cost		
(d) Other interest costs	**96.63**	82.01
Total finance costs	**3,941.93**	**4,126.07**

1. The interest is inventorised on borrowings referred to in Note 15 a. and on Series III of borrowings referred to in Note 15 c. in the ratio of undeveloped inventory to the total inventory.

Analysis of Interest Expenses by Category

` in Lakh

Particulars	As at 31st March, 2017	As at 31st March, 2016
Interest Expenses		
(a) On Financial Liability at Amortised Cost	**1,246.42**	1,447.53
(b) On Financial Liabilities at FVTPL	**–**	–

Note 27. Other Expenses

` in Lakh

Particulars	As at 31st March, 2017	As at 31st March, 2016
(a) Rent including lease rentals	**12.75**	12.86
(b) Rates and taxes	**7.48**	2.87
(c) Insurance	**25.64**	22.08
(d) Repairs and Maintenance	**92.01**	62.08
(e) Electricity Charges	**330.09**	262.30
(f) Travelling & Conveyance	**79.78**	88.82
(g) Legal & Professional Fees	**56.61**	61.02
(h) Printing & Stationery	**4.79**	3.55
(i) Communication	**12.19**	14.26
(j) Advertisement, Marketing & Business Development	**303.17**	265.74
(k) Auditors Remuneration	**15.80**	10.99
(l) Loss on sale of Fixed assets	**15.19**	–
(m) Expenditure on Corporate Social Responsibility	**75.79**	79.94
(n) Miscellaneous Expenses	**27.30**	8.34
Total Gross Other Expenses	**1,058.59**	894.85
Operation & Maintenance cost	**1,135.70**	1,002.91
Total Gross Other Expenses	**2,194.29**	1,897.76

Note 28. Current Tax and Deferred Tax

Income Tax recognised in profit or loss

` in Lakh

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Current Tax:		
In respect of current year	**2,355.48**	628.20
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**113.89**	100.63
Total income tax expense	**2,469.37**	728.83

The total Income tax computation to be reconciled with your book profit.

` in Lakh

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Profit before Tax	**6,974.86**	1,423.80
Income Tax @ 34.608% for the year	**2,413.86**	492.75
Effect of expenses that is non-deductible in determining taxable profit		
CSR Expense (net of deduction u/s 80G allowed)	**21.56**	23.00
Preference Share dividend	**110.01**	166.61
Deduction u/s 80IAB	**(79.39)**	–
Change in tax rate	**–**	32.41
Others	**3.33**	14.06
Total	**2,469.37**	**728.83**
Income tax expense recognised In profit or loss	**2,469.37**	**728.83**

Note 29. Earnings per Share

` in Lakh

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
	Per Share	Per Share
Basic Earnings per share		
From continuing operations	**3.00**	0.46
Total basic earnings per share	**3.00**	**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:

` in Lakh

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	**4,505.49**	694.97
Less: Preference dividend and tax thereon	**–**	–
Profit/(loss) for the year used in the calculation of basic earnings per share	**4,505.49**	694.97

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

` in Lakh

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Profits used in the calculation of basic earnings per share	**4,505.49**	694.97
Weighted average number of equity shares	**150,000,000**	150,000,000
Earnings per share - Basic - (`)	**3.00**	**0.46**

Note 30. Segment information

The Company operates in only one business segment, i.e. 'lease of land and properties constructed thereon' based on the nature of the services and products, the risks and returns etc. Therefore, business segment reporting in terms of IND AS 108 on segmental reporting is not applicable.

The Company operates only in India. Therefore, geographical segment reporting in terms of IND AS 108 on segmental reporting is not applicable. The conditions prevailing in India being uniform, no separate geographical disclosure within India is considered necessary.

Note 31. Contingent liabilities and commitments

` in Lakh

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
(i) Contingent liabilities (to the extent not provided for)			
(a) Other Matters disputed			
Shahri Jamabandi (Urban Assessment/ Ground rent demanded by Jaipur Development Authority, Government of Rajasthan)	**32,179.39**	32,179.39	–
Note : The above amount is based on demand raised, which the Company is contesting with the concerned authorities. Outflows, if any, arising out of this claim would depend on the outcome of the decision of the appellate authorities and Company's rights for future appeals. No reimbursements are expected.			
(b) Other money for which the Company is contingently liable (Income Tax Matter under appeal)	**204.15**	173.42	173.42
(c) Rajasthan Entry Tax	**28.05**	30.28	42.93
(ii) Commitments			
Estimated amount of contracts remaining to be executed on capital account and not provided for	**498.94**	770.41	331.98

i. The Company has disclosed the impact of pending litigations on its financial position in the above note. The company did 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 contracts. 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.

Note 32. Disclosures required under Section 22 of the Micro Small and Medium Enterprises Development Act 2006

` in Lakh

Particulars	As at 31st March, 2017	As at 31st March, 2016
Principal amount remaining unpaid to MSME suppliers	**211.55**	101.50

(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 the Management and this has been relied upon by the 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 made.

Note 33. Expenditure in Foreign Currency

` in Lakh

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Travel	**–**	3.49
Subscription	**–**	1.99
Total	**–**	**5.48**

Note 34. Leases

Details of Operating leasing arrangements As Lessor

The Company has entered into operating lease arrangements for certain surplus facilities. The lease is non-cancellable for a period of 2 to 3 years for the building and 9 yrs and 5 months for interiors from 2008 to 2020 and may be renewed for a further period of 2 terms of 5 years each based on mutual agreement of the parties.

` in Lakh

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016	For the year ended 1st April, 2015
Future minimum lease payments			

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

` in Lakh

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016	For the year ended 1st April, 2015
Not later than one year	**455.05**	663.69	137.03
Later than one year and not later than five years	**764.76**	1,188.54	1,647.72
Later than five years	**–**	31.27	1,015.59

Note 35. Employee benefits

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

` in Lakh

Particulars	Valuation as at	
	As at 31st March, 2017	As at 1st April, 2016
Discount rate(s)	**6.69%**	7.46%
Expected rate(s) of salary increase	**10.00%**	10.00%
Average Longevity	**IALM (2006-08) Ultimate**	IALM (2006-08) Ultimate
Attrition Rate	**20.69%**	**21.62%**

Defined benefit plans – As per Actuarial Valuation

` in Lakh

Particulars	Defined Benefit Plan Gratuity	
	As at 31st March, 2017	As at 1st April, 2016
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:		
Service Cost	**40.98**	23.43
Current Service Cost	**11.08**	6.35
Past service cost and (gains)/losses from settlements	**(10.99)**	9.58
Net interest expense	**2.66**	1.68
Components of defined benefit costs recognised in profit or loss	**43.73**	**41.04**
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	**–**	–
Actuarial gains and loss arising form experience adjustments	**–**	–
Actuarial (Gain)/Loss on obligation	**(1.15)**	(0.06)
	–	–
Components of defined benefit costs recognised in other comprehensive income	**(1.15)**	**(0.06)**
Total	**42.58**	**40.98**
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March	**–**	–
1. Present value of defined benefit obligation as at 31st March	**42.58**	40.98
2. Fair value of plan assets as at 31st March	**–**	–
3. Surplus/(Deficit)	**(42.58)**	(40.98)
4. Current portion of the above	**4.81**	38.97
5. Non current portion of the above	**37.77**	2.01
II. Change in the obligation during the year ended 31st March		
1. Present value of defined benefit obligation at the beginning of the year	**40.98**	23.43
2. Add/(Less) on account of Scheme of Arrangement/ Business Transfer		
3. Expenses Recognised in Profit and Loss Account		
– Current Service Cost	**11.08**	6.35
– Past Service Cost	**0.29**	13.07
– Interest Expense (Income)	**2.66**	1.68
4. Recognised in Other Comprehensive Income		
Remeasurement gains/(losses)		
– Actuarial Gain/(Loss) arising from:		
i. Demographic Assumptions	**(2.97)**	(2.66)
ii. Financial Assumptions	**3.49**	2.10
iii. Experience Adjustments	**(1.67)**	0.50
5. Benefit payments	**(11.28)**	(3.49)
6. Others (Specify)		
7. Present value of defined benefit obligation at the end of the year	**42.58**	**40.98**
III. Change in fair value of assets during the year ended 31st March		
1. Contributions by employer (including benefit payments recoverable)	**11.28**	3.49
2. Benefit payments	**(11.28)**	(3.49)
3. Fair value of plan assets at the end of the year	**–**	**–**

The actuarial valuation is carried out by an independent actuary.

Note 36. Related Party Transactions

Description of relationship	**Names of related parties**
Ultimate Holding Company	Mahindra & Mahindra Limited
Holding Company	Mahindra Lifespace Developers Limited
Entities having joint control/ significant influence over Company	Rajasthan State Industrial Development and Investment Corporation Limited
Fellow Subsidiaries	Mahindra Integrated Business Solutions Private Limited Mahindra Susten Private Limited (Formerly known as Mahindra EPC Services Private Limited) Mahindra Consulting Engineers Limited Mahindra Holidays & Resorts India Limited Tech Mahindra Limited Mahindra Defence Systems Limited
Associates	Mahindra World City Developers Limited
Key Management Personnel (KMP)	Mr. Sanjay Srivastava - Chief Operating Officer Mr. Sanjay Jain - Chief Finance Officer Ms. Prashi Jain - Company Secretary Mr Prateek Desai - Company Secretary (KMP from Current year)

Details of transaction between the Company and its related parties are disclosed below:

Nature of transactions with Related Parties	For the year ended	Mahindra & Mahindra Limited	Mahindra Lifespace Developers Limited	Rajasthan State Industrial Development and Investment Corporation Limited	Mahindra Integrated Business Solutions Private Limited	Mahindra Susten Private Limited (Formerly known as Mahindra EPC Services Private Limited)	Mahindra Consulting Engineers Limited	Tech Mahindra Limited	Mahindra Defence Systems Limited	Mahindra World City Developers Limited	Mr. Sanjay Srivastava	Mr. Sanjay Jain	Ms. Prashi Jain	Mr Pratik Desai
Rendering of services	31-Mar-17	38.10				0.12		0.05	0.05					
	31-Mar-16	29.11				0.12		–	–					
Receiving of services	31-Mar-17	8.26		11.86	1.09		45.00			1.18				
	31-Mar-16	8.26		–	1.09					–				
Reimbursement made to parties	31-Mar-17	25.21	8.88											
	31-Mar-16	36.36	16.47											
Remuneration	31-Mar-17										132.46	57.38	1.84	–
	31-Mar-16										112.75	52.07	2.99	–
Preference shares Dividend Paid	31-Mar-17		491.44	172.67										
	31-Mar-16		296.00	104.00										
Equity Shares Dividend Paid	31-Mar-17		333.00	117.00										
	31-Mar-16		333.00	117.00										

Particulars	Balance as on	Mahindra & Mahindra Limited	Mahindra Lifespace Developers Limited	Rajasthan State Industrial Development and Investment Corporation Limited	Mahindra Integrated Business Solutions Private Limited	Mahindra Susten Private Limited (Formerly known as Mahindra EPC Services Private Limited)	Mahindra Consulting Engineers Limited	Tech Mahindra Limited	Mahindra Defence Systems Limited	Mahindra World City Developers Limited	Mr. Sanjay Srivastava	Mr. Sanjay Jain	Ms. Prashi Jain	Mr Pratik Desai
Trade payables	31-Mar-17	8.24	8.88		0.10		–			–	–	1.29	–	–
	31-Mar-16	21.48	15.92		0.19		–			–	–	–	–	–
Loans & advances taken (MOU Advance)	31-Mar-17							570.00						
	31-Mar-16							570.00						
Trade Receivable	31-Mar-17	2.96				0.06		0.06	0.06					
	31-Mar-16	8.44				0.02		–	–					
Deposits Payables	31-Mar-17	8.40												
	31-Mar-16	8.35												
Advance/Deposit to Vendor	31-Mar-17			254.86										
	31-Mar-16			254.86										

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Note 37. Fair Value Measurement

Fair Valuation Techniques and Inputs used - recurring Items

` in Lakh

Financial assets/financial liabilities measured at Fair value	Fair value as at			Fair value hierarchy	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Relationship of unobservable inputs to fair value and sensitivity
	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015				
Financial assets							
Investments							
(1) Mutual fund investments	**4,224.22**	425.20	5,975.05	**Level 2**		**4,224.22**	**Market quoted NAVs**
Total financial assets	**4,224.22**	**425.20**	**5,975.05**				
Financial liabilities							
Other Financial Liabilities							
(1) Long term Borrowings	**19,431.25**	16,434.56	28,914.55	**Level 2**		**19,431.25**	**EIR Method**
Total financial liabilities	**19,431.25**	**16,434.56**	**28,914.55**				

Fair value of financial assets and financial liabilities that are not measured at fair value

` in Lakh

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						
– Investments	**4,224.22**	**4,224.22**	425.20	425.20	5,975.05	5,975.05
– Trade Receivables	**616.99**	**616.99**	820.66	820.66	622.42	622.42
– Cash and Cash Equivalents	**2,415.89**	**2,415.89**	629.84	629.84	276.90	276.90
– Other Bank Balances	**11.56**	**11.56**	166.76	166.76	240.30	240.30
– Loans	**107.88**	**107.88**	88.14	88.14	72.37	72.37
– Other Financial Assets	**160.00**	**160.00**	120.86	120.86	22.67	22.67
Total financial assets	**7,536.54**	**7,536.54**	**2,251.46**	**2,251.46**	**7,209.71**	**7,209.71**
Financial liabilities						
Financial liabilities held at amortised cost						
– Borrowings	**19,431.25**	**19,431.25**	21,434.56	21,434.56	28,991.51	28,991.51

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

` in Lakh

Particulars	31st March, 2017		31st March, 2016		1st April, 2015	
	Carrying amount	**Fair value**	Carrying amount	Fair value	Carrying amount	Fair value
– Trade Payables	**805.47**	**805.47**	883.31	883.31	860.35	860.35
– Other Financial Liabilities	**17,358.87**	**17,358.87**	17,145.21	17,145.21	12,039.54	12,039.54
Total	**37,595.59**	**37,595.59**	**39,463.08**	**39,463.08**	**41,891.40**	**41,891.40**

Note 38. Fair Value Measurement

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).

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.

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.

First Time Ind AS Adoption reconciliations

(i) Reconciliation of Total Equity as at 31st March, 2016 and 1st April, 2015:

` in Lakh

Particulars	As at 31st March, 2016	As at 1st April, 2015
Equity as reported under previous GAAP	**6,274.11**	6,011.05
Ind AS: Adjustments increase (decrease):		
– Security Deposit	**4.67**	3.08
– Preference share adjustments due to Inventorisation	**114.36**	115.95
– Fair Value of Mutual Fund adjustments	**111.25**	73.44
– Proposed dividend and tax on it adjustments	**541.61**	541.61
– Effective Interest rate adjustments on Borrowings	**163.37**	162.41
– Income from discounting of Security deposit	**2.12**	
– Mutual fund MTM impact	**(108.11)**	
– Cost of sale - Interest inventorisation	**0.58**	
– ESOP Impact	**15.92**	
– Effective interest rate adjustments on Borrowings	**19.56**	
– Depreciation Booked on preference share capitalisation	**2.91**	
– Dividend distribution tax treated as other expenses	**482.36**	
– Deferred tax impact on above adjustments	**(29.20)**	
– Dividend and tax on dividend on equity shares	**(541.61)**	
Equity as reported under IND AS	**7,053.90**	**6,907.54**

(ii) Reconciliation of Total Comprehensive Income for the year ended 31st March, 2016:

` in Lakh

Particulars	Year ended 31st March, 2016
Profit or Loss as per previous GAAP	1,286.09
Ind AS: Adjustments increase (decrease):	(598.12)
Reclassification of Employee benefit provision - OCI	(7.00)
Total adjustment to profit or loss	**(605.12)**
Profit or Loss under Ind AS	**680.97**
Other comprehensive income	7.00
Total comprehensive income under Ind ASs	**687.97**

Note: No statement of comprehensive income was produced under previous GAAP. Therefore the reconciliation starts with profit under previous GAAP.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

(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	2,787.59	(576.62)	2,210.97
Net cash flows from investing activities	5,008.29	(0.59)	5,007.70
Net cash flows from financing activities	(7,442.32)	577.21	(6,865.11)
Net increase (decrease) in cash and cash equivalents	**353.56**	**–**	**353.56**
Cash and cash equivalents at beginning of period	**276.28**		**276.28**
Effects of exchange rate changes on the balance of cash held in foreign currencies			
Cash and cash equivalents at end of period	**629.84**	**–**	**629.84**

Note 39. 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 equity 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, 31st March, 2016 and 1st April, 2015 is as follows:

₹ in Lakh

	31st March, 2017	31st March, 2016	1st April, 2015
Debt (A)	**32,974.19**	36,227.08	38,481.36
Equity (B)	**26,009.60**	22,053.90	21,907.54
Debt Equity Ratio (A/B)	**1.27**	**1.64**	**1.76**

Categories of financial assets and financial liabilities

As at 31st March, 2017

Particulars	**Amortised Costs**	**FVTPL**	**FVOCI**	**Total**
Non-current Assets				
Investments				–
Trade Receivables				–
Loans	107.88			107.88
Other Financial Assets				–
– Non Derivative Financial Assets				–
Current Assets				
Investments	–	4,224.22	–	4,224.22
Trade Receivables	616.99			616.99
Cash and Cash Equivalents	2,415.89			2,415.89
Other Bank Balances	11.56			11.56
Loans	–			–
Other Financial Assets				–
– Non Derivative Financial Assets	160.00			160.00
Non-current Liabilities				
Borrowings	19,431.25			19,431.25
Trade Payables	–			–
Other Financial Liabilities				
– Non Derivative Financial Liabilities	56.58			56.58
Current Liabilities				
Borrowings	–			–
Trade Payables	805.47			805.47
Other Financial Liabilities				–
– Non Derivative Financial Liabilities	17,302.29			17,302.29
– Derivative Financial Liabilities				–

As at 31st March, 2016

Particulars	**Amortised Costs**	**FVTPL**	**FVOCI**	**Total**
Non-current Assets				
Investments	–			–
Trade Receivables				
Loans	88.14			88.14
Other Financial Assets				
– Non Derivative Financial Assets	–			–
– Derivative Financial Liabilities				
Current Assets				
Investments		425.20		425.20
Trade Receivables	820.66			820.66
Cash and Cash Equivalents	629.84			629.84
Other Bank Balances	166.76			166.76
Loans	–			–
Other Financial Assets				
– Non Derivative Financial Assets	120.86			120.86
Non-current Liabilities				
Borrowings	16,434.56			16,434.56
Trade Payables				
Other Financial Liabilities				
– Non Derivative Financial Liabilities	20.27			20.27
– Derivative Financial Liabilities				

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	Amortised Costs	FVTPL	FVOCI	Total
Current Liabilities				
Borrowings	5,000.00			5,000.00
Trade Payables	883.31			883.31
Other Financial Liabilities				
– Non Derivative Financial Liabilities	17,124.94			17,124.94
– Derivative Financial Liabilities				

As at 1st April, 2015

Particulars	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	–			–
Trade Receivables				
Loans	72.37			72.37
Other Financial Assets				
– Non Derivative Financial Assets	–			–
– Derivative Financial Assets				
Current Assets				
Investments		5,975.05		5,975.05
Trade Receivables	622.42			622.42
Other Bank Balances	240.30			240.30
Loans	–			
Other Financial Assets				
– Non Derivative Financial Assets	22.67			22.67
Non-current Liabilities				
Borrowings	28,914.55			28,914.55
Trade Payables				
Other Financial Liabilities				
– Non Derivative Financial Liabilities	730.96			730.96
Current Liabilities				
Borrowings	76.96			76.96
Trade Payables	860.35			860.35
Other Financial Liabilities				
– Non Derivative Financial Liabilities	11,308.58			11,308.58

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 enteres into an agreement with each customer. The agreement has a termination clause by which the Company can terminate the agreement and secure the receivable. The trade redeivables are also reviewed by the Management regularly and necessary actions are taken in order to collect any amount outstanding from customers. Being a Developer, a unit needs certain NOC and permission in respect of commencement and operation of the business and as per the agreement signed with customer, the developer gives the enquired NOC and permission after clearing the outstanding dues alongwith interest.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Customer creditability is researched before leasing the land to ensure only credit worthiness of the clients.

The credit risk on liquid funds is limited because the counterparties are banks and debt mutual funds with high credit-ratings assigned.

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
	INR	INR	INR	INR
Non-derivative financial liabilities				
31st March, 2017				
Non-interest bearing	56.58			
Trade payable	800.28	5.19		
Variable interest rate instruments	–	–	–	–
Fixed interest rate instruments				
10.00% Redeemable Non Convertible Debentures	10,000.00			
10.90% Redeemable Non Convertible Debentures	2,000.00	4,500.00		
9.48% Redeemable Non Convertible Debentures		3,000.00	12,000.00	
Total	**12,856.86**	**7,505.19**	**12,000.00**	**–**
31st March, 2016				
Non-interest bearing	20.27			
Trade payable	759.97	123.34		
Variable interest rate instruments				

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
	INR	INR	INR	INR
Fixed interest rate instruments				
10.00% Redeemable Non Convertible Debentures..............	7,500.00	10,000.00		
10.90% Redeemable Non Convertible Debentures..............		6,500.00		
9.50% Redeemable Non Convertible Debentures..............	5,000.00			
Total	**13,280.24**	**16,623.34**	**–**	**–**
1st April, 2015				
Non-interest bearing Security Deposits.....	730.96			
Trade payable				
Variable interest rate instruments..............	76.96			
Fixed interest rate instruments				
10.00% Redeemable Non Convertible Debentures..............	7,500.00	7,500.00	10,000.00	
10.90% Redeemable Non Convertible Debentures..............		2,000.00	4,500.00	
9.50% Redeemable Non Convertible Debentures				
Total	**8,307.92**	**9,500.00**	**14,500.00**	**–**

Note 40. Disclosure of transactions in Specified bank notes (SBN's) as per Rule 11 of Companies (Audit and Auditors) Rules, 2014

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Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 8th November, 2016	**21,000.00**	**10,966.00**	**31,966.00**
(+) Permitted receipts	–	100,000.00	100,000.00
(-) Permitted payments	–	49,805.00	49,805.00
(-) Amount deposited in Banks	21,000.00	–	21,000.00
Closing cash in hand as on 30th December, 2016	**–**	**61,161.00**	**61,161.00**

Note 41. Additional Information to the consolidated Financial Statements

Dividend

In respect of the current year, the directors propose that a dividend of Re. 0.60 per share be paid on equity shares. 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 total estimated equity dividend to be paid is ` 900 Lakh. The payment of this dividend is estimated to result in payment of dividend distribution tax of ` 183.22 Lakh @ 15% (exclusive of surcharge and education cess) on the amount of dividends grossed up for the related dividend distribution tax.

Note 42. Approval

The financial statements were approved for issue by the board of directors on 17th April, 2017.

See accompanying notes to the financial statements
In terms of our report attached

For and on behalf of the Board of Directors

For **Deloitte Haskins & Sells**
Chartered Accountants

Geetha Suryanarayanan
Partner
Membership No : 29519

Place : Chennai
Date : April 17, 2017

Sanjay Srivastava
Chief Executive Officer

Pratik Desai
Company Secretary
(ACS: A30026)

Maheswar Sahu Director (DIN: 00034051)
Anita Arjundas Director (DIN: 00243215)

Place : Jaipur
Date : April 17, 2017

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their Twentieth report together with the audited financial statements of your Company for the year ended 31st March, 2017.

Financial Highlights

(` in lakh)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Total Income	**6,093.47**	21,359.26
Profit/(Loss) Before Depreciation, Finance Costs and Taxation	**4,102.20**	5,538.51
Less: Depreciation	**464.67**	471.33
Profit/(Loss) Before Finance Cost and Taxation	**3,637.53**	5,067.19
Less: Finance Cost	**4,110.55**	4,141.43
Profit/(Loss) Before Taxation	**(473.01)**	925.76
Less: Provision for Taxation	**(158.59)**	(104.56)
Profit/(Loss) for the year after Taxation	**(314.42)**	821.20
Add: Balance of Profit/(Loss) for earlier years	**3,686.57**	3,106.08
Less : Dividend on Equity Shares (including tax on distributed profits)	**–**	240.71
Balance carried forward to the Balance Sheet	**3,372.15**	3,686.57

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

The company has incurred loss during the year. However, with a view to conserve the resources of the Company for its growth plan, your Directors have not recommended dividend from the opening reserves for financial year 2016-17.

Reserves

Loss for the year after appropriation has been carried forward to P & L account and no amount has been transferred to Reserves.

Operations/State of the company's affairs

The Company is an 89:11 joint venture between Mahindra Lifespace Developers Limited (MLDL) and the Tamil Nadu Industrial Development Corporation Limited (TIDCO). The company is developing the Mahindra world city in Chennai (MWC). It is the first township in India to receive Green Township Certification (Stage I Gold certification) from IGBC.

MWC has pioneered in the concept of Sustainable Urban Communities. These large format integrated cities create self-fulfilling environments that nurture Livelihood, Living and Life. These Cities are economic nerve-centers and attract the best corporates with their emphasis on economic development and employment generation by creating infrastructure of global standards.

MWC Chennai, has three sector specific Special Economic Zones (SEZs) — IT (services and manufacturing), Apparel & Fashion Accessories and Auto Ancillaries, and a Domestic Tariff Area (DTA) for businesses catering to the Indian market. In addition, residential and social infrastructure helps create a self-fulfilling ecosystem.

During the year, the project added 2 new customers along with an existing client leasing additional land, taking the total area leased during the year to 7.54 acres. At the end of 2016-17, it has a total of 64 industrial customers - of which 26 are in the SEZ and 38 are in the DTA. Today, 52 companies operate out of Mahindra World City, Chennai. During the year, direct employment in Mahindra World City was around 38,000 persons. Exports was at ` 10,202 crores in FY 2016-17 as against ` 9,359 crores during FY 2015-16.

Mahindra World City, Chennai, has allocated 289 acres for the development of residential and social infrastructure. The city has four operational residential projects. With the handover of a sizeable number of units in 2016-17, occupancy increased from around 700 units to 1,100 units.

On the retail and social infrastructure, considerable progress was made during the year. 'The Canopy' – the city's commercial centre, added a variety of service providers, enhancing the convenience and quality of life of its residents. During the year, a hostel for young working professionals was inaugurated at MWC Chennai. JSP Hospitals enhanced its service offering to 30-beds, 24x7 services as well as out-patient, pharmacy and ambulance services.

Mahindra World City, Chennai, continued to build on its community development and engagement initiatives during the year. This included fresh editions of its flagship programmes:

'Champions Trophy' an inter-company sports tournament and 'Mindquest' — the annual MWC quiz competition with over 80 teams participating. These have been well received by both participants and residents.

No material changes and commitments have occurred after the close of the year till the close of this Report, which affect the financial position of the Company.

The financial statement for the year under review have been prepared based on going concern basis.

Share Capital

Authorised share capital of your company is ` 9,500 lakh and Paid-up share capital of the company is ` 2,000 lakh.

During the year, the Company has neither issued any shares 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 ` 12,531.57 lakh and ` 12,225.09 lakh respectively.

Holding Company

The Company is a subsidiary company of Mahindra Lifespace Developers Limited and consequently a subsidiary company of the ultimate holding company, Mahindra & Mahindra Limited. However for the purpose of Ind-AS based on which the financial statements are drawn up, this company is a Joint Venture since it is jointly controlled by the two shareholders Mahindra Lifespace Developers Ltd (MLDL) and Tamil Nadu Industrial Development Corporation Limited (TIDCO).

Subsidiaries, Joint Ventures and Associate companies

Mahindra Industrial Park Chennai Limited (MIPCL) 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 cluster 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 for its project. It has also received in-principle approval for commencement of construction activities from the relevant authority.

However, for the purpose of IND-AS based on which the financials statements of MIPCL are drawn up, the entity is a Joint Venture since it is jointly controlled by the two shareholders Mahindra World City Developers Ltd (MWCDL) and Sumitomo Corporation, Japan.

The Company also holds 25.78% of paid-up share capital of Mahindra Integrated Township Limited (MITL), which is an Associate Company.

No other company became or ceased to be a Subsidiary/ Associate/Joint Venture company of the Company during the year.

Consolidated Financial Statement

During the year, the Board of Directors reviewed the affairs of Mahindra Industrial Park Chennai Limited, Subsidiary of your company. The Company availed the exemption to consolidate the accounts of the Company vide notification issued by the Ministry of Corporate Affairs dated 27th July, 2016 in respect of subsidiary, Mahindra Industrial Park Chennai Limited and associates, Mahindra Integrated Township Limited and its subsidiary, Mahindra Residential Developers Limited.

A report highlighting performance of each of the subsidiaries, associates and joint venture companies as per the Companies Act, 2013, and their contribution to the overall performance of the Company is provided in Annexure A to the Financial Statement.

Board of Directors

As at 31st March, 2017, the Board of Directors comprise of following:

Name of Director	DIN	Designation
Mr. N Vaghul	00002014	Chairman and Independent Director
Mr. Arun Kumar Nanda	00010029	Non-Executive Non-Independent Director
Mr. Sanjiv Kapoor	00004005	Independent Director
Mr. V Balaraman	00267829	Independent Director
Ms.Anita Arjundas	00243215	Non-Executive Non-Independent Director
Ms.Sangeeta Prasad	02791944	Non-Executive Non-Independent Director

Pursuant to Section 152 of the Companies Act, 2013, Mr. Arun Kumar Nanda (DIN: 00010029), a Non-executive and Non-independent Director retires by rotation at the 20th Annual General Meeting of the Company and being eligible has offered himself for re-appointment. Mr. Arun Kumar Nanda is not disqualified from being re-appointed as a Director by virtue of the provisions of Section 164 of the Companies Act, 2013.

Pursuant to Section 149(7) of the Act, declaration from the Independent Directors is received affirming their independence in accordance with the Section 149(6) of the Act.

Key Managerial Personnel

During the year under review, the following persons were appointed/resigned as Key Managerial Personnel under the Companies Act, 2013.

Sr. No.	Name of the person	Nature of Change	Date of Change	Designation
1.	Mr. L Nataraj	Appointment	15th April, 2016	Chief Financial Officer
2.	Mr. S. Chandru	Superannuation	30th June, 2016	Chief Operating Officer, Manager and Company Secretary
3.	Mr. Vivek Sharma	Appointment	15th July, 2016	Business Head
4.	Ms. Iyer Shobha Narayanan	Appointment and Resignation	15th July, 2016 and 15th September 2016	Company Secretary
5.	Mr. A. Muthukumaran	Appointment	14th October, 2016	Company Secretary

During the year, Mr. S. Chandru Superannuated from the position of Chief Operating Officer, Manager and Company Secretrary with effect from 30th June, 2016. The Board places on record its sincere appreciation of his association with the Company.

Mr. Vivek Sharma was appointed as the Chief Executive Officer designated as Business Head with effect from 15th July 2016.

Consequent to above superannuation, Ms. Iyer Shobha Narayanan was appointed as the Company Secretary of the Company with effect from 15th July, 2016 and resigned from the Company with effect from 15th September 2016. Accordingly, Mr. A. Muthukumaran was appointed as the Company Secretary with effect from 14th October 2016.

Committees of the Board

Audit Committee

As on 31st March, 2017, the Audit Committee comprises of three independent Directors, namely Mr. Sanjiv Kapoor, Mr. N. Vaghul and Mr. V. Balaraman. Mr. Sanjiv Kapoor is the Chairman of the Committee. The Chief Financial Officer, Internal Auditor and Statutory Auditors are regularly invited to attend the Audit Committee Meetings. The Company Secretary is the Secretary to the Committee. The Committee met four times during the year. The Board has accepted all recommendations of the Audit Committee made from time to time.

Corporate Social Responsibility (CSR) Committee

The Company's guiding principle for CSR is to build its relationship with stakeholders and the community at large, and contribute to their long term social good and welfare.

The Company, in every financial year commencing from 1st April, 2014, in line with the Companies Act, 2013, pledges to spend, two per cent of the average net profits made during the three immediately preceding financial years specifically towards CSR initiatives.

The Company has constituted Corporate Social Responsibility Committee comprising of Mr. V. Balaraman - Independent Director, Ms. Anita Arjundas - Non Independent director and Ms. Sangeeta Prasad - Non Independent director. Mr. V Balaraman is the Chairman of the Committee. The Role of the Committee is to formulate and recommend a CSR policy to the Board, to recommend amount of expenditure to be incurred on CSR activities, to monitor the CSR policy of the Company from time to time and to institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company.

The Company's CSR Policy lays out the vision, objectives and implementation mechanisms. The Company's CSR policy is available on the Company's website : www.mahindraworldcity.com

The Company's CSR activities have traditionally focussed on education, skill development, health, environment and promoting sustainable practices.

The objective of the CSR policy is to:

- Promote a unified approach to CSR to incorporate under one umbrella the diverse range of the Company's philanthropic activities, thus enabling maximum impact of the CSR initiatives.
- Ensure an increased commitment at all levels in the organisation, to operate in an economically, socially and environmentally responsible manner while recognising the interests of all its stakeholders.
- Encourage employees to participate actively in the Company's CSR and give back to the society in an organised manner through the employee volunteering programme called ESOPs.

The Company has spent the entire amount as against the required CSR expenditure of ` 26.39 lakh calculated in the manner prescribed in the Companies Act, 2013. The annual report on the CSR activities in the prescribed format is at **Annexure 1** to this Report.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprise of two independent directors, namely Mr. N Vaghul and Mr. V Balaraman and one non-executive non-independent director, Ms. Anita Arjundas. Mr. V Balaraman is the Chairman of the Committee.

The following policies of the Company on appointment of Directors and Senior Management and remuneration of Directors and Key Managerial Personnel and Employees, as required under 178(3) of the Companies Act, 2013 is attached herewith and marked as **Annexure 2**, **Annexure 3** and **Annexure 4**, respectively to this report:

1. Policy on appointment of Directors and Senior Management (**Annexure 2**)
2. Policy on remuneration of Directors (**Annexure 3**)
3. Policy on remuneration of Key Managerial Personnel and Employees (**Annexure 4**)

Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013, evaluation of every Director's performance was done by Nomination and Remuneration Committee. The performance evaluation of Non-Independent Directors and the Board as a whole, Committees thereof, and Chairperson of the Company has been carried out by Independent Directors. Evaluation of Independent Directors has been carried out by the entire Board of Directors, excluding the Director being evaluated. Structured questionnaires, covering various aspects of the evaluation such as adequacy of the size and composition of the Board with regard to skill, experience, independence, diversity, attendance and adequacy of time given by the Directors to discharge their duties; corporate governance practices, etc. have been circulated to the Directors for the evaluation process. The Directors expressed their satisfaction with the evaluation process.

Meeting of Independent Directors

The Independent Directors of the Company met without the presence of the Non-Independent Directors or Chief Financial Officer or any other Management Personnel. The Meeting was conducted in an informal and flexible manner to enable the Independent Directors to discuss matters pertaining to, inter alia, review of performance of Non-Independent Directors and the Board as a whole, assess the quality, quantity and timelines of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Meetings

During the financial year, four (4) Board Meetings had been convened and held on the following dates:

15th 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:

15th April, 2016, 15th July, 2016, 14th October, 2016 and 19th January, 2017

During the year, three (3) meetings of the Nomination & Remuneration Committee had been convened and held on 15th April, 2016, 15th July, 2016 and 14th October, 2016.

During the year, three (3) meetings of the CSR Committee had been convened and held on 15th April, 2016, 15th July, 2016 and 14th October, 2016.

The details of the number of meetings of the Board and the Committees attended by the respective members of the Board/ Committees are given below :

Sr. no.	Name of the Director	No. of Board meetings attended	No. of Audit Committee meetings attended	No. of Nomination & Remuneration Committee meetings attended	No. of CSR Committee meetings attended
1.	Mr.N. Vaghul	4	4	3	NA
2.	Mr.Arun Kumar Nanda	3	NA	NA	NA
3.	Mr. V.Balaraman	2	2	2	2
4.	Mr. Sanjiv Kapoor	4	4	NA	NA
5.	Ms. Anita Arjundas	4	NA	3	3
6.	Ms Sangeeta Prasad	3	NA	NA	3

The previous Annual General Meeting of the Company was held on 15th July, 2016.

Code of Conduct

The Company had adopted Code of Conduct ("the Code/s") for its Directors, Independent Directors, Senior Management and employees. These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

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 year under review, received declarations under the Codes from the Board members, Independent Directors and employees of the Company affirming compliance with the respective Codes.

Directors' Responsibility Statement

Pursuant to Section 134(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. The Audit Committee of the Board reviews the internal control systems with the management and auditors.

Vigil Mechanism/Whistle Blower Mechanism

The Company has established a vigil mechanism by adopting a Whistle Blower Policy for Directors and employees to report genuine concerns in the prescribed manner. The vigil mechanism is overseen by the Audit Committee and provides adequate safeguards against victimisation of employees and Directors. Whistle Blower Policy is a mechanism to address any complaint(s) related to fraudulent transactions or reporting intentional non-compliance with the Company's policies and procedures and any other questionable accounting/operational process followed. It provides a mechanism for employees to approach the Chairman of Audit Committee or Chairman of the Company or the Corporate Governance Cell. During the year, no such incidence was reported and no personnel were denied access to the Chairman of the Audit Committee or Chairman of the Company or the Corporate Governance Cell. The Whistle Blower Policy of the Company is placed on the website of the company at www.mahindraworldcity.com

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

The Shareholders of the Company at the 19th Annual General Meeting of the Company held on 15th July, 2016, had appointed M/s. A.F. Ferguson & Co., Chartered Accountants (Registration Number- 112066W), as Statutory Auditors of the Company to hold office from the conclusion of the 19th Annual General Meeting until the conclusion of the 20th Annual General Meeting to conduct the audit of the Accounts of the Company.

Under Section 139(2) of the Companies Act, 2013 and Rules framed thereunder, it is mandatory to rotate the Statutory Auditors on completion of term including the transition period permitted under the said Section.

Pursuant to Section 139(2) of the Companies Act, 2013 read with Rules framed thereunder, M/s. A.F. Ferguson & Co., Chartered Accountants have completed a period of more than 10 years on the commencement of the Companies Act, 2013 and have completed the transition period of 3 years from the date of commencement of the Companies Act, 2013. In terms of said section, M/s. A.F. Ferguson & Co. will be holding the office of Statutory Auditors up to the conclusion of the forthcoming 20th Annual General Meeting.

Accordingly, the Board of Directors, based on the recommendation of Audit Committee and subject to approval of the Shareholders at the ensuing 20th Annual General Meeting, propose to appoint M/s. B. K. Khare & Co., Chartered Accountants (Registration Number- 105102W) as Statutory Auditors of the Company for a term of 5 consecutive years from the conclusion of the 20th Annual General Meeting till the conclusion of the 25th Annual General Meeting to be held in the calendar year 2022 (subject to ratification of their appointment at every AGM), to conduct the audit of the Accounts of the Company, at such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors.

The Company has also received a written consent and a certificate from M/s. B. K. Khare & Co., Chartered Accountants, to the effect that their appointment if made, would be in accordance with the provision of Section 139 and that they satisfy the criteria provided in Section 141 of the Companies Act, 2013 read with Rules framed thereunder.

The Board places on record its appreciation for the services rendered by M/s. A.F. Ferguson & Co., Chartered Accountants, during their tenure as the Statutory Auditors of the Company.

The notes of the financial statements referred to in the Auditors' Report issued by M/s. A.F. Ferguson & Co. for the financial year ended on 31st March, 2017 are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

Secretarial Auditor

The paid-up share capital of the company as on 31st March 2016 is ` 2,000 lakh which is less than the threshold limit required for appointment of Secretarial Auditor, and hence there is no requirement to have a Secretarial Audit for the financial year 2016-17.

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 particulars of investment made under 186 of the Companies Act, 2013 are provided in the financial statement at Note no. 4.

Contracts and Arrangements with Related Parties

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract/arrangement/transaction with related parties which could be considered material under the Companies Act, 2013.

Therefore, the form AOC-2 is not applicable to the Company. The Directors draw attention to the financial statement which sets out details of transactions with related parties.

Deposits, Loans and Advances

Your Company has not accepted any deposits from the public or its employees during the year under review.

The Company has not made any loans and advances of the nature which are required to be disclosed in the annual accounts of the Company pursuant to Regulation 34(3) and 53(f) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable to the Holding Company Mahindra Lifespace Developers Limited.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as per Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 during the year are given in the prescribed format in the **Annexure 5** to this report.

Employee Remuneration

Being an unlisted Company, the details of employee remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

Extract of Annual Return

The details forming part of the Extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 is included in this Report as **Annexure 6** and forms part of this Report.

Safety, Health and Environmental Performance

Your Company's commitment towards safety, health and environment is being continuously enhanced and persons working are well informed on safety, health and measure to reduce energy consumption.

Sustainability

Your Company continues with its journey on sustainable development with conscious efforts to minimize the environmental impact caused by its operations and simultaneously taking responsibility to enable communities to Rise without losing focus on economic performance.

General

- During the year ended 31st March, 2017, 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 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.

Acknowledgment

The Directors would like to thank all shareholders, customers, bankers, contractors, suppliers, joint venture partners and associates of your Company for the support received from them during the year. The Directors would also like to place on record their appreciation of the dedicated efforts put in by the employees of the Company.

For and on behalf of the Board,

N. Vaghul
Chairman
DIN : 00002014

Chennai, 15th April, 2017

ANNEXURE 1 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31st MARCH, 2017

THE ANNUAL REPORT ON CSR ACTIVITIES

1. **A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**
   a) The Company's CSR initiatives are focussed in the areas of education, public health and environment. This is in line with the Mahindra Group's 'Core Purpose' to "challenge conventional thinking and innovatively use all our resources to drive positive change in the lives of our stakeholders and communities across the world, to enable them to Rise". The Company endeavours to enable inclusive development at all its project locations so as to help the communities around these projects to prosper in all walks of life.
   b) The Company has formed a CSR policy which is available on the website of the company.
   c) The Company has planned the following projects in the identified areas:
      - Sponsoring girl child education – Nanhi Kali – Education
      - Supporting Education- Improving Infrastructures for schools in surrounding areas of Mahindra World City Chennai
      - Supporting Primary Health Centre (PHC) & water – Supporting PHC with medical & non-medical equipment - Health
      - Public Park & Tree Plantation - Environment
      - Cleanliness drive – Swachh Bharat - Public health& Sanitation
      - Capacity Building & Income Generation of Self Help Group (SHG) - Others

2. The composition of the CSR Committee of the Board of Directors is as under:
   Mr. V. Balaraman – Independent Director
   Ms. Anita Arjundas – Non Executive Non-Independent Director
   Ms. Sangeeta Prasad – Non Executive Non-Independent Director
3. **Average net profit of the Company for the last three financial years: ` 1319.5 lakh**
4. **Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): ` 26.39 lakh**
5. **Details of CSR spent during the financial year**
   a. Total amount to be spent for the financial year: ` 26.39 lakh
   b. Amount unspent (if any) : Nil
   c. Manner in which the amount spent during the financial year was utilised is detailed below

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	**CSR project or activity identified**	**Sector in which the project is covered**	**Projects or Programmes (1) Local area or other (2) Specify the State and district where project or programme was undertaken**	**Amount outlay (budget) project or programme wise (`)**	**Amount spent on the project/ programme Subheads (1) Direct expenditure on project (2) Overheads (`)**	**Cumulative spend up to the reporting period (`)**	**Amount spent: Direct or through implementing agency**
1.	Nanhi Kali	Education	Krishnagiri, Tamil Nadu	1,311,000	Direct expenditure - 1,311,000	1,311,000	Implementing Agency: K. C. Mahindra Education Trust
2.	Support Schools	Education	Kancheepuram, Tamil Nadu	300,000	Direct expenditure - 300,000	300,000	NGO: World Vision
3.	Supporting PHC & Water	Health	Kancheepuram, Tamil Nadu	350,000	Direct expenditure - 350,000	350,000	NGO: World Vision

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	**CSR project or activity identified**	**Sector in which the project is covered**	**Projects or Programmes (1) Local area or other (2) Specify the State and district where project or programme was undertaken**	**Amount outlay (budget) project or programme wise (`)**	**Amount spent on the project/ programme Subheads (1) Direct expenditure on project (2) Overheads (`)**	**Cumulative spend up to the reporting period (`)**	**Amount spent: Direct or through implementing agency**
4.	Development of Public Park	Environment	Kancheepuram, Tamil Nadu	318,000	Direct expenditure - 318,000	318,000	NGO: World Vision
5.	Tree Plantation	Environment	Kancheepuram, Tamil Nadu	100,000	Direct expenditure - 100,000	100,000	NGO: World Vision
6.	Swachh Bharat Initiative	Environment	Kancheepuram, Tamil Nadu	160,000	Direct expenditure - 160,000	160,000	NGO: World Vision
7.	Capacity building of Self Help Group(SHG)	Others	Kancheepuram, Tamil Nadu	100,000	Direct expenditure - 100,000	100,000	NGO: World Vision

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.

   Not Applicable, as the Company has spent all the amounts reserved for CSR activities i.e. 2% of average net profit for the last three financial years.

7. **A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy is in compliance with CSR objectives and Policy of the Company**

   The implementation and monitoring of CSR policy is in compliance with CSR objectives and Policy of the Company.

V Balaraman	**Sangeeta Prasad**
Director	**Director**
DIN : 00267829	**DIN : 02791944**
Chennai, 15th April, 2017	Chennai, 15th April, 2017

ANNEXURE 2 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 World City Developers Limited.

"**Committee(s)**" means Committees of the Board for the time being in force.

"**Employee**" means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

"**HR**' means the Human Resource department of the Company.

"**Key Managerial Personnel**" (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

(i) Managing Director (MD); or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)

(ii) Chief Financial Officer (CFO); and

(iii) Company Secretary (CS).

"**Nomination and Remuneration Committee**" (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

"**Senior Management**" means personnel of the Company who are members of its Core Management Team/Executive Council excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

I. APPOINTMENT OF DIRECTORS

The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and also independence of director when ID is to be appointed:

1. All Board appointments will be based on merit, in the context of the skills, experience, diversity, and knowledge, for the Board as a whole to be effective.
2. Ability of the candidates to devote sufficient time and attention to his/her professional obligations as Director for informed and balanced decision making.
3. Adherence to the applicable Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Directors.

- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non - adherence to the applicable policies of the Company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons based on merit, experience and knowledge who may be appointed in senior management team.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Manager based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

N. Vaghul
Chairman
DIN: 00002014

Chennai, 15th April, 2017

ANNEXURE 3 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 World city Developers Limited.

Policy Statement

We have a well-defined Compensation policy for Directors, including the Chairman of the Company. The overall compensation philosophy which guides us to focus on enhancing the value, to attract, to retain and motivate Directors for achieving objectives of the Company and to become a major player in Indian Real Estate Sector, to maintain the pioneer status in the Integrated Business City format, to be the most trusted brand in the business we operate in and focus on customer centricity through transparency, quality and on-time delivery, to be a thought leader and establish industry benchmarks in Sustainable Development.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

Manager

Remuneration of the Manager reflects the overall remuneration philosophy and guiding principle of the Company. While considering the appointment and remuneration of Manager, the NRC shall consider the industry benchmarks, merit and seniority of the person and shall ensure that the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterpart(s) in other companies. The policy aims at a balance between fixed and variable pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

The remuneration to the Manager shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as per the policy of the Company from time to time and as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of appointment, the variable compensation will be determined annually by the NRC based on the performance of Manager.

The term of office and remuneration of Manager is subject to the approval of the Board of Directors, shareholders, and Central Government, as may be required and within the statutory limits laid down in this regard from time to time.

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay, subject to the requisite approvals, remuneration to its Manager in accordance with the provisions of Schedule V of the Companies Act, 2013.

If a Manager draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

Remuneration for Manager is designed subject to the limits laid down under the Companies Act, 2013 to remunerate him/her fairly and responsibly. The remuneration to the Manager comprises of salary, perquisites and benefits as per policy of the Company and performance based incentive apart from retirement benefits like P.F., Superannuation, Gratuity, Leave Encashment, etc. as per Rules of the Company. Salary is paid within the range approved by the Shareholders. Increments are effective annually, as recommended/approved by the Remuneration Committee/Board.

Directors

The Non-Executive Chairman and Independent Directors receive sitting fees for attending the meeting of the Board and the Committees thereof, as fixed by the Board of Directors from time to time subject to statutory provisions. The Non-Executive Chairman and Independent Directors would be entitled to the remuneration under the Companies Act, 2013. A Non-Executive Non-Independent Director who receives remuneration from the holding company or any other group company is not paid any sitting fees or any remuneration. In addition to the above the Directors are entitled for reimbursement of expenses incurred in discharge of their duties.

The Company may also grant Stock Options to the eligible employees and Directors (other than Independent Directors) in accordance with the ESOP Schemes of the Company from time to time and subject to the compliance of the applicable statutes and regulations.

Disclosures

Information on the total remuneration of members of the Company's Board of Directors, Manager and KMP/senior management personnel may be disclosed in the Board's report and the Company's annual report/website as per statutory requirements in this regard.

N. Vaghul
Chairman
DIN: 00002014

Chennai, 15th April, 2017

ANNEXURE 4 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 2014 - 15.

Objective

To establish guidelines for remunerating employees fairly and in keeping with Statutes.

Standards

– All employees, irrespective of contract, are to be remunerated fairly and the remuneration is to be externally competitive and internally equitable. The remuneration will be paid in accordance with the laid down Statutes.

– Remuneration for on-roll employees will include a fixed or guaranteed component payable monthly; and a variable component which is based on performance and paid annually in the month of July following the fiscal.

– The fixed component of remuneration will have a flexible component with a bouquet of allowances to enable an employee to choose the allowances as well as the quantum based on laid down limits as per Company policy. The flexible component can be varied only once annually in the month of July i.e. after the salary increment exercise.

– The variable component of the remuneration will vary from 10% to 25% of the Cost-to-Company (CTC) and will be a function of the employee's grade.

– The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRA). Both the BSC and KRAs are evaluated at the end of the fiscal to arrive at the BSC rating of the business and PPS rating of the individual.

– An annual compensation survey is carried out to ensure that the Company's compensation is externally competitive and is around 60th percentile. Based on the findings of the survey and the business performance, the Sector Talent Council decides:

  a) The increment that needs to be paid for different performance ratings as well as grades.

  b) The increment for promotions and the total maximum increment.

  c) The maximum increase in compensation cost in % and absolute.

– Compensation corrections are made in a few cases where it is outside the band or to keep it in tune with the market.

N. Vaghul
Chairman
DIN: 00002014

Chennai, 15th April, 2017

ANNEXURE 5 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;	:	The operations of the Company are not energy intensive. However, as a part of sustainable development adequate measures have been initiated to reduce energy consumption like installation of Solar street lights.
(ii)	the steps taken by the company for utilising alternate sources of energy;	:	The first off-grid solar power plant in the state of Tamil Nadu was set up at Mahindra World City, Chennai in FY 11-12. Installed over 800 sq. mt. and equipped with a remote monitoring system, the 75 kW rooftop solar plant is expected to generate approximately 116,000 units (kWh) of clean electrical energy annually. Other initiatives to reduce energy consumption at MWC include use of energy efficient LED/Induction lighting. These LED/Induction lights, come with dimmable controllers which have a significant impact in maximising overall energy efficiency of the area. During the year, an MOU has been signed between World Resources India (WRI) and Mahindra World City Chennai (MWCC) to explore options for Green Energy Procurement to fulfil the peak demand of energy for customers within the city through Renewable sources. As an extension of technology, Mahindra & Mahindra (M&M) Group is in the process of developing alternate fuel technologies for rural and urban India for quite long time. A biogas plant in Mahindra World city, which uses the food waste & others collected from various companies inside Mahindra World City and produce Bio CNG for Shuttles & collection tractors and energy generating through Bio CNG DG sets (20 KW – 2Nos) from April 2016.
			Total energy saved 45459 kwhr and in terms of cost, ` 3.65 lakh/year
(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
(iv)	the expenditure incurred on Research and Development	:	Not applicable

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 ` 8.42 lakh.

For and on behalf of the Board,

N. Vaghul
Chairman
DIN : 00002014

Chennai, 15th April, 2017

ANNEXURE 6

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	U92490TN1997PLC037551
2.	Registration Date	19th February, 1997
3.	Name of the Company	Mahindra World City Developers Limited
4.	Category/Sub-Category of the Company	Company limited by shares/Indian Non-Government Company
5.	Address of the Registered office and contact details	Mahindra Towers, Ground Floor, No. 17/18 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	96

* As per National Industrial Classification- Ministry of Statistics and Programme Implementation

on the basis of Gross Turnover

3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/Subsidiary/ Associate of the Company	% of shares held	Applicable Section
1	Mahindra Lifespace Developers Limited	L45200MH1999PLC118949	Holding Company	89.00	**2(46)**
2	Mahindra and Mahindra Limited	L65990MH1945PLC004558	Ultimate Holding Company	Nil	**2(46)**
3	Mahindra Industrial Park Chennai Limited	U45209TN2014PLC098543	Subsidiary Company	60.00	**2(87)(ii)**
4	Mahindra Integrated Township Limited	U45200TN2008PLC066292	Associate/Joint Venture	25.78	**2(6)**

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total subscribed & paid up capital	Demat	Physical	Total	% of total subscribed & paid up capital	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	20,000,000	20,000,000	100	–	20,000,000	20,000,000	100	–
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A)(1):-	–	20,000,000	20,000,000	100	–	20,000,000	20,000,000	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)	–	–	–	–	–	–	–	–	–
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 ` 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				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total subscribed & paid up capital	Demat	Physical	Total	% of total subscribed & paid up capital	
c) Others (Non Resident Individuals)	–	–	–	–	–	–	–	–	–
d) Others Trust	–	–	–	–	–	–	–	–	–
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)	–	20,000,000	20,000,000	100	–	20,000,000	20,000,000	100	–

(ii) Shareholding of Promoters

Category of Shareholder	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged/ encumbered to total shares	
Body Corporate – Mahindra Lifespace Developers Ltd	17,799,999	89	–	17,799,999	89	–	–
Body corporate – Tamilnadu Industrial Development Corporation Ltd	22,00,000	11	–	22,00,000	11	–	–

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

There is no change in the Shareholding of Promoter Group.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Promoters hold 100% of the share capital of the company.

Sr. No.	Top Ten Shareholders	Shareholding at the beginning of the year- 31st March, 2016		Shareholding at the end of the year- 31st March, 2017	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
Sr. No.	**For Each of the Top 10 Shareholders**	**Shareholding at the beginning of the year**		**Cumulative Shareholding during the year**	
		No. of shares	**% of total shares of the company**	**No. of shares**	**% of total shares of the company**
1.	At the beginning of the year	–	–	–	–
2.	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	–	–	–	–
3.	At the End of the year (or on the date of separation, if separated during the year)	–	–	–	–

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
Ms. Sangeeta Prasad Director					
1.	At the beginning of the year	1*	–	1*	–
2.	Date wise Increase/Decrease in Shareholding during the years specifying the reasons for increase/decrease (e.g. Allotment/ transfer/bonus/sweat equity, etc):	–	–	–	–
3.	At the End of the year (or on the date of separation, if separated during the year	1*	–	1*	–
Mr. S. Chandru Manager & Company Secretary**					
1.	At the beginning of the year	1*	–	1*	–
2.	Date wise Increase/Decrease in Shareholding during the years specifying the reasons for increase/decrease (e.g. Allotment/ transfer/bonus/sweat equity, etc)	–	–	–	–
3.	At the End of the year (or on the date of separation, if separated during the year	1*	–	1*	–

*Note: * Shares jointly held with Mahindra Lifespace Developers Limited*

*** Superannuated with effect from 30th June 2016*

I) INDEBTEDNESS

Indebtedness of the company including outstanding/accrued but not due for payment

(` in lakh)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	38,047	–	–	38,047
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	38,047	–	–	38,047
Change in Indebtedness during the financial year				
• Addition	7,075	2,000	–	9,075
• Reduction	6,312	1,000	–	7,312
Net Change	763	1,000		1,763
Indebtedness at the end of the financial year				
i) Principal Amount	38,810	1,000	–	39,810
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–		–	–
Total (i+ii+iii)	38,810	1,000	–	39,810

II) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:

			(` in lakh)
Sr. No.	**Particulars of Remuneration**	**Name of MD/WTD/ MANAGER**	**Total Amount**
		S. Chandru	
1.	Gross salary		
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	31.57	31.57
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	4.03	4.03
	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 (Taxable Retirement benefits)	30.51	30.51
	Total (A)	66.11	66.11
	Ceiling as per the Act (read with section III (d) of schedule V)	240.00	240.00

B. Remuneration of other directors:

					(` in lakh)
Sr. No.	**Particulars of Remuneration**	**Name of Directors**			**Total Amount**
1	**Independent Directors**	**N. Vaghul**	**V. Balaraman**	**Sanjiv Kapoor**	
	• Fee for attending board/committee meetings	1.50	0.80	1.20	3.50
	• Commission	–	–	–	–
	• Others, please specify	–	–	–	–
	Total (1)	**1.50**	**0.80**	**1.20**	**3.50**
2.	**Other Non-Executive Directors**	**A. K. Nanda**	–	–	–
	• Fee for attending board/committee meetings	0.60	–	–	0.60
	• Commission	–	–	–	–
	• Others, please specify	–	–	–	–
	Total (2)	**0.60**	–	–	**0.60**
	Total (B)=(1+2)	–	–	–	4.10
	Total (A)	–	–	–	66.11
	Total Managerial Remuneration	–	–	–	70.21
	Overall Ceiling as per the Act (read with section III (d) of schedule V)	–	–	–	240.00

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

					(` in lakh)
Sl. No.	**Particulars of Remuneration**	**Key Managerial Personnel**			
		Business Head	**Company Secretary**	**CFO**	**Total**
1.	Gross salary				
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	67.04	6.68	35.88	109.60
	b) Value of perquisites u/s 17(2) Income tax Act, 1961	0.07	–	–	0.07
	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	67.11	6.68	35.88	109.67

III) PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	**Section of the Companies Act**	**Brief Description**	**Details of Penalty/ Punishment/ Compounding fees imposed**	**Authority [RD/ NCLT/COURT]**	**Appeal made, if any (give Details)**
Penalty					
Punishment			**NONE**		
Compounding					

OTHER OFFICERS IN DEFAULT

Type	**Section of the Companies Act**	**Brief Description**	**Details of Penalty/ Punishment/ Compounding fees imposed**	**Authority [RD/ NCLT/COURT]**	**Appeal made, if any (give Details)**
Penalty					
Punishment			NONE		
Compounding					

For and on behalf of the Board,

N. Vaghul
Chairman
DIN : 00002014

Chennai, 15th April, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
MAHINDRA WORLD CITY DEVELOPERS LIMITED

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **MAHINDRA WORLD CITY DEVELOPERS 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 it's 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 has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements; (Refer note 2)
      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts;
      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 procedure 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 33 to the 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 **A. F. Ferguson & Co.**
Chartered Accountants
(Firm's Registration No. 112066W)

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' 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 WORLD CITY DEVELOPERS 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, 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 control 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 **A. F. Ferguson & Co.**
Chartered Accountants
(Firm's Registration No. 112066W)

Geetha Suryanarayanan
(Partner)
(Membership No. 29519)

Place: Chennai
Data: 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 maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered title deeds provided to us, we report that, the title deeds, comprising all the immovable properties of land and building which are freehold, are held in the name of the Company as at the balance sheet date.

(ii) In our opinion and according to the information and explanations given to us, having regard to the nature of inventory, the physical verification by way of verification of title deeds, physical verification of materials, site visits by the Management and certification of extent of work completion by competent persons, are at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.

(iv) The company has not granted any loans, made investments or provide guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. There were no unclaimed deposits outstanding at any time during the year.

(vi) 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 subsection (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, 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.

(c) The details of dues of Income Tax and Service 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 (` in Lacs)	Amount Unpaid (` in Lacs)
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax – Appeals	AY 2014-15	532.25	201.42
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax – Appeals	AY 2009-10	174.91	174.91
Finance Act, 1994	Service Tax	CESTAT	1st August, 2004 - 21st June, 2012	359.96	359.96

(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 any money from 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 and based on the Company's confirmation that they are covered under Para (d), Section III (Remuneration payable by companies having no profit or inadequate profit without Central Government approval in special circumstances), Part II of Schedule V to the Companies Act, 2013, relating to company in a Special Economic Zone as notified by the Department of

Commerce, the managerial remuneration paid/provided by the Company is in accordance with Section 197 read with the above Schedule V of the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Sections 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under Section 45-I of the Reserve Bank of India Act, 1934.

For **A. F. Ferguson & Co.**
Chartered Accountants
(Firm's Registration No. 112066W)

Geetha Suryanarayanan
(Partner)
(Membership No. 29519)

Place: Chennai
Date: 15th April, 2017

BALANCE SHEET AS AT MARCH 31, 2017

(Amounts in INR)

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS				
Non-current assets				
(a) Property, Plant and Equipment	3	**495,949,531**	535,475,323	564,836,391
(b) Capital Work in Progress	3	**–**	6,486,256	949,716
(c) Intangible assets	3	**118,741**	237,808	356,875
(d) Financial Assets				
(i) Investments				130,500,000
(a) Investment in Associates	4	**130,000,000**	130,000,000	130,000,000
(b) Investment in Joint Venture	4	**1,020,000,000**	1,020,000,000	500,000
(ii) Other Financial Assets	5	**5,277,660**	5,595,863	4,414,887
(e) Other Non-current Assets	6	**212,721,866**	193,201,332	138,943,003
		1,864,067,798	1,890,996,582	970,500,872
Current assets				
(a) Inventories	7	**3,099,574,653**	2,962,290,251	4,079,194,715
(b) Financial assets				
(i) Trade Receivables	8	**21,547,217**	16,419,835	13,558,123
(ii) Cash and Cash Equivalents	9	**42,882,047**	41,121,545	15,929,253
(iii) Other Financial Assets	5	**12,475,000**	675,000	675,000
(c) Other current assets	6	**648,186,602**	676,127,856	531,939,224
		3,824,665,519	3,696,634,487	4,641,296,315
Total Assets		**5,688,733,317**	5,587,631,069	5,611,797,187
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital	10	**200,000,000**	200,000,000	200,000,000
(b) Other Equity	11	**1,022,509,106**	1,053,156,563	995,107,771
Total Equity		**1,222,509,106**	1,253,156,563	1,195,107,771
Non-current liabilities				
(a) Financial Liabilities				
(i) Borrowings	12A	**2,407,305,791**	3,173,454,332	3,511,275,667
(ii) Other Financial Liabilities	13	**1,743,824**	954,095	83,970
(b) Other Liability	14	**147,767,241**	153,770,109	35,494,000
(c) Deferred Tax Liability (Net)	15	**223,843,898**	239,703,370	256,081,157
(d) Provisions	16	**1,403,319**	3,675,101	3,825,189
		2,782,064,073	3,571,557,007	3,806,759,983
Current liabilities				
(a) Financial Liabilities				
(i) Borrowings	12B	**732,063,636**	–	–
(ii) Trade Payable				
Total outstanding dues of micro enterprises and small enterprises	17	**–**	–	–
Total outstanding dues of creditors other than micro enterprises and small enterprises	17	**81,733,324**	41,986,517	24,167,235
(iii) Other Financial Liabilities	13	**852,129,190**	644,860,399	223,309,708
(b) Other Liabilities	14	**17,920,708**	74,862,513	230,640,180
(c) Provisions	16	**313,280**	1,208,070	1,312,310
Total Liabilities		**1,684,160,138**	762,917,499	479,429,433
Total Equity and Liabilities		**5,688,733,317**	5,587,631,069	5,481,297,187

See accompanying notes which are an integral part of the financial statements.

In terms of our report attached
For **A. F. Ferguson & Co.**
Chartered Accountants

Geetha Suryanarayanan
Partner
Place : Chennai
Date : 15th April, 2017

For and on behalf of the Board of Directors of Mahindra World City Developers Limited

N. Vaghul
Chairman
(DIN: 00002014)

Anita Arjundas
Director
(DIN: 00243215)

Sangeeta Prasad
Director
(DIN: 02791944)

Vivek Sharma
Business Head (CEO)

L. Nataraj
Chief Financial Officer

A. Muthukumaran
Company Secretary
(ACS: 33894)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

(Amounts in INR)

Particulars	Note No.	March 31, 2017	March 31, 2016
Income			
I. Revenue from operations	**18**	**585,816,350**	2,115,300,802
II. Other income	**19**	**23,531,106**	20,625,611
III. Total income (I + II)		**609,347,456**	2,135,926,413
Expenses			
(a) Construction Expenses incurred		**34,709,548**	201,392,550
(b) (Increase)/Decrease in inventories of finished goods, work-in-progress and stock-in-trade	**20**	**(137,284,402)**	1,116,904,464
(c) Employee Benefit Expense	**21**	**40,592,049**	39,384,752
(d) Depreciation Expenses	**3**	**46,467,304**	47,132,513
(e) Finance Cost	**22**	**411,054,570**	414,142,778
(f) Other expenses	**23**	**261,109,834**	224,393,370
IV. Total Expense		**656,648,903**	2,043,350,428
V. Profit/(Loss) before tax (III) - (IV)		**(47,301,447)**	92,575,985
Tax expenses			
Current tax	**15**	**–**	162,370,000
Deferred tax	**15**	**(15,859,472)**	(151,914,407)
VI. Total tax expense		**(15,859,472)**	10,455,593
VII. Profit/(Loss) for the year (V - VI)		**(31,441,975)**	82,120,392
Other Comprehensive Income			
Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods		**794,518**	–
VIII. Other Comprehensive Income for the year		**794,518**	–
Total Comprehensive Income for the year (VII - VIII)		**(30,647,457)**	82,120,392
Earnings per equity share	**27**		
Basic & Diluted		**(1.57)**	4.11

See accompanying notes which are an integral part of the financial statements.

In terms of our report attached
For **A. F. Ferguson & Co.**
Chartered Accountants

For and on behalf of the Board of Directors of Mahindra World City Developers Limited

N. Vaghul
Chairman
(DIN: 00002014)

Anita Arjundas
Director
(DIN: 00243215)

Sangeeta Prasad
Director
(DIN: 02791944)

Geetha Suryanarayanan
Partner
Place : Chennai
Date : 15th April, 2017

Vivek Sharma
Business Head (CEO)

L. Nataraj
Chief Financial Officer

A. Muthukumaran
Company Secretary
(ACS: 33894)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(Amounts in INR)

Particulars	March 31, 2017	March 31, 2016
Cash flow from operating activities		
(Loss)/Profit Before Tax	**(47,301,447)**	92,575,985
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation	**46,467,304**	47,132,513
Net Loss/(Gain) recognised in P&L on borrowings	**23,018,127**	(48,863,000)
Loss on sale of fixed assets	**19,334**	173,591
Finance Costs	**411,054,570**	414,142,778
Interest Income	**–**	(17,213,908)
Dividend Income	**(312,065)**	(843,703)
Provision towards expected credit losses	**–**	264,644
Bad debts written off	**–**	37,516
Operating Profit/(Losses) before working capital changes	**432,945,823**	487,406,416
Working Capital changes and other adjustments:		
(Increase)/Decrease Inventories	**(137,284,402)**	97,404,464
(Increase)/Decrease Trade Receivables	**(5,127,382)**	(3,163,872)
Increase/Decrease Financial Assets	**(11,481,797)**	(1,180,976)
(Increase)/Decrease Other Assets	**27,941,254**	(138,980,542)
(Decrease)/Increase in Trade payables	**39,746,807**	17,819,282
(Decrease)/Increase in Financial Liabilities	**(2,358,147)**	(41,120,852)
(Increase)/Decrease in Other Liabilities	**(62,150,155)**	(37,501,558)
(Increase)/Decrease in Provision	**(3,166,572)**	(254,328)
Cash generated from/(used in) operations	**279,065,429**	380,428,034
Direct taxes paid (net of refunds)	**(19,520,534)**	(81,310,901)
Net cash flow from/(used in) Operating activities (A)	**259,544,895**	299,117,133
Cash flows from Investing activities		
Purchase of property, plant and equipment	**(2,090,325)**	(23,249,684)
Proceeds from sale of fixed assets	**1,734,802**	106,367
Interest received	**–**	12,005,818
Mahindra Industrial Park Chennai Limited	**–**	–
Others	**–**	–
Dividend Received	**312,065**	843,703
Net cash flow from/(used in) Investing activities (B)	**(43,458)**	(10,293,796)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017 (Cont'd)

(Amounts in INR)

Particulars	March 31, 2017	March 31, 2016
Cash flows from Financing activities		
Proceeds from Short Term Borrowings	**732,063,636**	–
Proceeds from commercial papers	**–**	600,000,000
Repayment of commercial papers	**–**	(600,000,000)
Proceeds from long term borrowings	**52,500,000**	2,060,000,000
Repayment of long term borrowings from related party	**–**	(1,675,000,000)
Repayment of current maturities of long term borrowings	**(631,250,001)**	(210,416,667)
Interest Paid	**(411,054,570)**	(414,142,778)
Dividend distribution tax paid	**–**	(24,071,600)
Net cash flow from/(used in) in Financing activities (C)	**(257,740,935)**	(263,631,045)
Net increase/(decrease) in cash and cash equivalents (A + B + C)	**1,760,502**	25,192,292
Cash and cash equivalents at the beginning of the period	**41,121,545**	15,929,253
Cash and cash equivalents at the end of the period	**42,882,047**	41,121,545
Components of cash and cash equivalents		
Cash on hand	**207,515**	159,731
With banks		
– on current account	**42,674,532**	40,936,814
– on deposit account	**–**	25,000
Total cash and cash equivalents (note 15)	**42,882,047**	41,121,545

See accompanying notes which are an integral part of the financial statements.

In terms of our report attached
For **A. F. Ferguson & Co.**
Chartered Accountants

Geetha Suryanarayanan
Partner
Place : Chennai
Date : 15th April, 2017

For and on behalf of the Board of Directors of Mahindra World City Developers Limited

N. Vaghul
Chairman
(DIN: 00002014)

Anita Arjundas
Director
(DIN: 00243215)

Sangeeta Prasad
Director
(DIN: 02791944)

Vivek Sharma
Business Head (CEO)

L. Nataraj
Chief Financial Officer

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Company Secretary
(ACS: 33894)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

A. Equity Share Capital

Particulars	No. of Shares	Amount in INR
Equity Shares of ` 10 each issues, subscribed and fully paid		
As at April 1, 2015	20,000,000	200,000,000
Issue is share capital	–	–
As at March 31, 2016	20,000,000	200,000,000
Changes in equity share capital during the year	–	–
As at March 31, 2017	**20,000,000**	**200,000,000**

B. Other Equity

(Amounts in INR)

	Reserves and Surplus				
Particulars	**General Reserve (Note 11)**	**Capital Redemption Reserve (Note 11)**	**IND AS Transition Reserve**	**Retained earnings (Note 11)**	**Total**
As at April 1, 2015	34,500,000	650,000,000	1,797,000	308,810,771	995,107,771
Profit/(Loss) for the period	–	–	–	82,120,392	82,120,392
Payment of dividends on equity shares	–	–	–	(20,000,000)	(20,000,000)
Related income tax	–	–	–	(4,071,600)	(4,071,600)
Other Comprehensive Income/(Loss)	–	–	–	–	–
As at March 31, 2016	34,500,000	650,000,000	1,797,000	366,859,563	1,053,156,563
Profit/(Loss) for the period	–	–	–	(31,441,975)	(31,441,975)
Other Comprehensive Income/(Loss)	–	–	–	794,518	794,518
As at March 31, 2017	**34,500,000**	**650,000,000**	**1,797,000**	**336,212,106**	**1,022,509,106**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

1. General Information

Mahindra World City Developers Limited (“the Company”) was incorporated on February 19, 1997. The Company is in the business of land development for industrial, commercial and residential use. The Company acquires land and incurs expenditure on its development and related infrastructure facilities for lease/sale. The Company also maintains the Industrial Park for which it collects operation and maintenance charges from the lessees. The Company has developed and operates an integrated business city “Mahindra World City” at Chengalpattu taluk near Chennai.

Promoted in a Public Private Partnership by the Mahindra Group and TIDCO (A Govt. of Tamil Nadu Undertaking), Mahindra World City surpasses the conventional definition of a business space - it is a business eco-system, carefully linked and integrated to function with efficiency. Mahindra World City, Chennai is India’s first integrated City and Corporate India’s first operational SEZ.

Etching its name on India’s business map, Mahindra World City Chennai, has attracted corporate giants such as BMW, B. Braun, Capgemini, Holiday Inn Express, Infosys, BASF, Lincoln Electric, Parker Hannifin, Renault-Nissan, Tesa SE, Federal Mogul, Fujitec, NTN Corporation, Timken, TVS Group of Companies and Wipro among others.

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 March 31, 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 April 1, 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 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

2.3.1 Land Lease Premium

Land lease premium is recognized as income upon creation of leasehold rights in favour of the lessee or upon an agreement to create leasehold rights with handing over of possession.

2.3.2 Income from properties

Income from properties and other assets given under operating lease is recognised based on the terms of lease agreement on a straight-line basis over the non-cancellable lease period.

2.3.3 Income from O&M

Income from operation & maintenance charges and water charges are recognized on an accrual basis as per terms of the agreement with the lessees.

2.3.4 Other income

Dividend income from investment in mutual funds is recognised when the unit holder’s right to receive payment has been established (if 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.

2.3.5 Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. The assets given by the Company on operating leases are capitalised in the books as fixed assets. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

2.4 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.4.1 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 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.

2.4.2 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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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 way the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.4.3 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.

2.5 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.

2.6 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.

2.7 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.

2.8 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.

Capital Work in Progress:

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

2.9 Intangible Assets:

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase/completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

2.10 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.

2.11 Government grants, Subsidies and Export Incentives:

Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants/subsidy will be received. Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire capital assets are adjusted to the carrying value of the assets.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

2.12 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.

2.13 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.

2.13.1 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.

2.14 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.

2.15 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.

2.16 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

2.16.1 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):

- 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.

2.16.2 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 Investments in equity instruments at FVTOCI

On initial recognition, the Company can make an irrevocable election (on an instrument by- instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the ‘Reserve for equity instruments through other comprehensive income’. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

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 Company manages together and has a recent actual pattern of short term
- profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or
- a financial guarantee.

2.16.4 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,

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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.

2.16.5 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, 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.

2.16.6 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.

2.16.7 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 FVTOC Irelating 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 FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

2.17 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.

2.17.1 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.

2.17.1.1 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.

2.17.1.2 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 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.

2.17.1.3 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.

2.18 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.

<u>Defined benefit plans</u>

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.

<u>Short-term employee benefits</u>

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.

<u>Long-term employee benefits</u>

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.

2.19 First-time adoption – mandatory exceptions, optional exemptions, and

2.19.1 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.

2.19.2 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).

2.19.3 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.

2.19.4 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.

2.19.5 Deemed cost for Property, Plant and Equipment, Investment Properties and Intangible Assets:

The Company has not elected the exemption of previous GAAP carrying value for its Property, Plant and Equipment and Intangible Assets recognized as of April 1, 2015 (transition date) as deemed costs. Consequently, these items are carried at values approved at by applying the Ind AS retrospectively.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

2.20 Insurance Claims

Insurance claims are accounted for on the basis of claims admitted/expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

2.21 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.

2.22 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 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.

3. Property, Plant and Equipment

(Amounts in INR)

Description of Assets	Land - Freehold	Buildings - (Own use)	Buildings - (Given under operating lease)	Plant and Equipment	Office equipment	Furniture and fixtures	Vehicles	Computers	Total
I. Gross Carrying Amount									
Balance as at April 1, 2016	20,838,405	244,033,062	116,977,826	266,402,753	9,588,594	50,640,322	8,328,485	4,539,140	721,348,587
Additions		3,436,898		1,611,433	2,832,963	339,350	–	355,937	8,576,581
Disposals	–				–	–	(3,108,263)	–	(3,108,263)
Balance as at March 31, 2017	**20,838,405**	**247,469,960**	**116,977,826**	**268,014,186**	**12,421,557**	**50,979,672**	**5,220,222**	**4,895,077**	**726,816,905**
II. Accumulated depreciation and impairment									
Balance as at April 1, 2016	–	40,087,171	32,570,710	94,490,150	3,584,500	7,849,589	4,850,209	2,440,935	185,873,264
Depreciation expense for the year	–	10,949,100	3,907,149	21,922,477	2,026,430	5,799,155	1,015,040	728,886	46,348,237
Eliminated on disposal of assets	–				–	–	(1,354,127)	–	(1,354,127)
Balance as at March 31, 2017	**–**	**51,036,271**	**36,477,859**	**116,412,627**	**5,610,930**	**13,648,744**	**4,511,122**	**3,169,821**	**230,867,374**
III. Net carrying amount (I-II)									
Balance as at March 31, 2017	**20,838,405**	**196,433,689**	**80,499,967**	**151,601,559**	**6,810,627**	**37,330,928**	**709,100**	**1,725,256**	**495,949,531**
Balance as at March 31, 2016	**20,838,405**	**203,945,891**	**84,407,116**	**171,912,603**	**6,004,094**	**42,790,733**	**3,478,276**	**2,098,205**	**535,475,323**
I. Gross Carrying Amount									
Balance as at April 1, 2015	20,838,405	230,254,285	116,977,826	251,139,776	9,588,594	63,413,333	7,429,843	4,337,981	703,980,043
Additions		13,778,777		829,573		1,660,393	1,462,433	201,159	17,932,335
Disposals	–				–	–	(563,791)	–	(563,791)
Others [describe]	–			14,433,404	–	(14,433,404)		–	–
Balance as at March 31, 2016	**20,838,405**	**244,033,062**	**116,977,826**	**266,402,753**	**9,588,594**	**50,640,322**	**8,328,485**	**4,539,140**	**721,348,587**
II. Accumulated depreciation and impairment									
Balance as at April 1, 2015		29,839,237	28,683,849	71,762,153	2,212,683	2,081,584	2,841,446	1,722,700	139,143,652
Depreciation expense for the year		10,247,934	3,886,861	22,727,997	1,371,817	5,768,005	2,292,597	718,235	47,013,446
Eliminated on disposal of assets	–				–	–	(283,834)	–	(283,834)
Balance as at March 31, 2016	**–**	**40,087,171**	**32,570,710**	**94,490,150**	**3,584,500**	**7,849,589**	**4,850,209**	**2,440,935**	**185,873,264**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(Amounts in INR)

Description of Assets	Land - Freehold	Buildings - (Own use)	Buildings - (Given under operating lease)	Plant and Equipment	Office equipment	Furniture and fixtures	Vehicles	Computers	Total
III. Net carrying amount (I-II)									
Balance as at March 31, 2016	**20,838,405**	**203,945,891**	**84,407,116**	**171,912,603**	**6,004,094**	**42,790,733**	**3,478,276**	**2,098,205**	**535,475,323**
Balance as at March 31, 2015	**20,838,405**	**200,415,048**	**88,293,977**	**179,377,623**	**7,375,911**	**61,331,749**	**4,588,397**	**2,615,281**	**564,836,391**

Intangible Assets

(Amounts in INR)

Description of Assets	Computer Software	Total
I. Gross Carrying Amount		
Balance as at April 1, 2016	5,915,924	5,915,924
Additions	–	–
Disposals	–	–
Balance as at March 31, 2017	**5,915,924**	**5,915,924**
II. Accumulated depreciation and impairment		
Balance as at April 1, 2016	5,678,116	5,678,116
Depreciation expense for the year	119,067	119,067
Eliminated on disposal of assets	–	–
Balance as at March 31, 2017	**5,797,183**	**5,797,183**
III. Net carrying amount (I-II)		
As At March 31, 2017	**118,741**	**118,741**
As At March 31, 2016	**237,808**	**237,808**

(Amounts in INR)

Description of Assets	Land - Freehold	Total
I. Gross Carrying Amount		
Balance as at April 1, 2015	5,915,924	5,915,924
Additions	–	–
Disposals	–	–
Balance as at March 31, 2016	**5,915,924**	**5,915,924**

(Amounts in INR)

Description of Assets	Land - Freehold	Total
II. Accumulated depreciation and impairment		
Balance as at April 1, 2015	5,559,049	5,559,049
Depreciation expense for the year	119,067	119,067
Eliminated on disposal of assets	–	–
Balance as at March 31, 2016	**5,678,116**	**5,678,116**
III. Net carrying amount (I-II)		
Balance as at March 31, 2016	**237,808**	**237,808**
Balance as at April 1, 2015	**356,875**	**356,875**

Refer note for Company's policy on recognition and measurement of Property Plant, Equipment and Depreciation Methods Used.

Movement of Capital Work in Progress

Particulars	31-03-2017	31-03-2016	01-04-2015
Opening Balance	**6,486,256**	949,716	469,905,632
Additions		5,536,540	949,716
Subtotal	**6,486,256**	6,486,256	470,855,348
Capitalised during the year	**6,486,256**		469,905,632
Closing Balance	–	6,486,256	949,716

4. **Investments**

Particulars	March 31, 2017	March 31, 2016
Investment in Associates	**130,000,000**	130,000,000
Mahindra Industrial Township Limited 13000000 Shares @ INR 10 Per Share		
Investment in Joint Ventures	**1,020,000,000**	1,020,000,000
102000000 Shares @ INR 10 Per Share		
Total Investments	**1,150,000,000**	1,150,000,000

5. **Other Financial assets**

(Amounts in INR)

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Non-current	Current	Non-current	Current	Non-current	Current
Unsecured, considered good unless stated otherwise						
Interest accrued on fixed deposits						
Security Deposits	**5,277,660**	**675,000**	5,595,863	675,000	4,414,887	675,000
Recoverable Expense*	–	**11,800,000**	–	–	–	–
Total Other assets	**5,277,660**	**12,475,000**	5,595,863	675,000	4,414,887	675,000

* Recoverable Expenses represents cost of repairs incurred in the industrial park consequent to damages during Vardah cyclone in December 2016. The company has submitted necessary claims with the insurance company and expects to get full settlement. Shortfall, if any, is recoverable from lessees as per the operation and maintenance agreement.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

6. Other assets

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Non-current	Current	Non-current	Current	Non-current	Current
Capital advances						
Unsecured, considered good	–	–	–	–	219,192	–
	–	–	–	–	219,192	–
Advances						
Advances to employees	–	**49,035**	–	–	–	128,712
Advances for purchase of land - secured	–	**328,754,905**	–	328,754,905	–	473,263,192
Advances for purchase of land - unsecured	–	**3,405,000**	–	3,405,000	–	3,405,000
Advances to suppliers Unsecured considered good	–	**258,674,943**	–	262,894,452	–	8,649,518
	–	**590,883,883**	–	595,054,357	–	485,446,422
Others						
Advance income-tax (Net of Provision for Taxation)	**212,721,866**	–	193,201,332	–	138,723,811	–
Interest accrued on advance for purchase of land	–	**42,860,603**	–	42,860,603	–	37,652,513
Gratuity Advance with LIC		**34,662**				
Prepaid Expenses	–	**4,835,952**	–	1,110,010	–	3,158,976
Balances with statutory/government authorities	–	**9,571,502**	–	37,102,886	–	5,681,313
	212,721,866	**57,302,719**	193,201,332	81,073,499	138,723,811	46,492,802
Total Other Assets	**212,721,866**	**648,186,602**	193,201,332	676,127,856	138,943,003	531,939,224

7. Inventories

(Amounts in INR)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Work in progress (representing cost of land and related expenditure)	**3,098,472,232**	2,961,328,029	4,075,687,280
Club Inventory	**1,102,421**	962,222	3,507,435
Total Inventories	**3,099,574,653**	2,962,290,251	4,079,194,715

(Amounts in INR)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Borrowing cost inventorised during the year in the above	**165,838,467**	222,095,712	278,723,509

(i) The Cost of inventory recognised as expenses/(income) during the year in respect of continuing operations was INR (1025.75 lakh) (March 31, 2016 was INR 13182.97 lakh and April 1, 2015 was INR (2470.19 lakh)).

(ii) The Carrying amount of inventories pledged as security for liabilities - Refer note 12 A Non Current Borrowings

(iii) Mode of Valuation of Inventories is Cost on Net Realisable Value whichever is lesser.

(iv) Borrowing cost inventorised relates to interest on borrowings referred in Note 12A, Note 12B considered in the Ratio of Land Inventory pending to be developed to the total inventory.

8. Trade Receivables

(Amounts in INR)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade Receivables: Unsecured Considered Good	**21,547,217**	16,419,835	13,558,123
Considered Doubtful	**732,407**	732,407	467,763
Less: Provision for expected credit losses	**(732,407)**	(732,407)	(467,763)
Total Trade Receivables	**21,547,217**	16,419,835	13,558,123

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 dues in respect of services rendered in the normal course of business.

Trade receivables are non-interest bearing and The average credit period on service rendered is as per the terms of the service agreement with clients.

9. Cash and Cash Equivalents

(Amounts in INR)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Cash and cash equivalents			
Balances with banks:			
– On current accounts	**42,674,532**	40,936,814	15,846,980
– Deposits with original maturity of less than three months*	–	25,000	25,000
Cash on hand	**207,515**	159,731	57,273
Total Cash and cash equivalent	**42,882,047**	41,121,545	15,929,253

* 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

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Total Cash and Cash Equivalents as per Balance Sheet	**42,882,047**	41,121,545	15,929,253
Total Cash and Cash Equivalents as per Statement of Cashflow	**42,882,047**	41,121,545	15,929,253

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

10. Equity

(Amounts in INR)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Authorized shares			
2,50,00,000 Ordinary Equity Shares of ` 10 each with Voting rights ...	**250,000,000**	250,000,000	250,000,000
50,00,000 Ordinary Equity Shares of ` 10 each with Voting rights	**50,000,000**	50,000,000	50,000,000
65,00,000 Cumulative Redeemable preference shares of ` 100 each	**650,000,000**	650,000,000	650,000,000
	950,000,000	950,000,000	950,000,000
Issued, subscribed and fully paid-up shares			
2,00,00,000 Ordinary Equity Shares of ` 10 each with Voting rights ...	**200,000,000**	200,000,000	200,000,000
Total issued, subscribed and fully paid-up share capital...........................	**200,000,000**	200,000,000	200,000,000

(i) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	Opening Balance	Changes during the year	Closing Balance
Ordinary Equity Shares			
Year Ended March 31, 2017			
No. of Shares	**20,000,000**	–	20,000,000
Amount..........................	**200,000,000**	–	200,000,000
Year Ended March 31, 2016			
No. of Shares	**20,000,000**	–	20,000,000
Amount..........................	**200,000,000**	–	200,000,000
Year Ended April 1, 2015			
No. of Shares	**20,000,000**	–	20,000,000
Amount..........................	**200,000,000**	–	200,000,000

(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 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 INR)

Name of the shareholder	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No.	**% holding in the class**	No.	% holding in the class	No.	% holding in the class
Equity shares with voting rights						
– Mahindra Lifespace Developers Limited.........................	**17,799,999**	**89%**	17,799,999	89%	17,799,999	89%
– Tamilnadu Industrial Development Corporation Limited ...	**2,200,000**	**11%**	2,200,000	11%	2,200,000	11%

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.

11. Other Equity

(Amounts in INR)

Particulars	Reserves and Surplus				
	General Reserve	Capital Redemption Reserve	IND AS Transition Reserve	Retained earnings	Total
Balance as at April 1, 2015	34,500,000	650,000,000	1,797,000	308,810,771	995,107,771
Profit/(Loss) for the period........	–	–	–	82,120,392	82,120,392
Payment of dividends on equity shares........	–	–	–	(20,000,000)	(20,000,000)
Related income tax	–	–	–	(4,071,600)	(4,071,600)
Other Comprehensive Income/(Loss)	–	–	–	–	–
Balance as at March 31, 2016	34,500,000	650,000,000	1,797,000	366,859,563	1,053,156,563
Profit/(Loss) for the period........	–	–		(31,441,975)	(31,441,975)
Other Comprehensive Income/(Loss)	–	–		794,518	794,518
Balance as at March 31, 2017........	**34,500,000**	**650,000,000**	**1,797,000**	**336,212,106**	**1,022,509,106**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

12A. Non current borrowings

Details of Long term Borrowings of the Company:

Description of the instrument	Currency of Loan	Coupon Rate	Repayment Bullet (or) Installment	Number of Installments	Date of earliest Redemption (or) Conversion	Amortised cost as at March 31, 2017	Amortised cost as at March 31, 2016	Amortised cost as at April 1, 2015
A. Secured Borrowings:								
a) Term Loans								
(i) From Financial Institution								
HDFC Limited - Term Loan 1	INR	9.85%	Installment	12	30-Apr-16	**819,420,185**	1,589,280,332	1,836,275,667
HDFC Limited - Term Loan 2	INR	10.37% to 9.95%	Installment	12	30-Jun-18	**1,587,885,606**	1,584,174,000	–
Total Secured Borrowings						**2,407,305,791**	3,173,454,332	1,836,275,667
B. Un-Secured Borrowings:								
Mahindra Lifespace Developers Limited (Unsecured)..		12% to 11%				–	–	1,620,000,000
Mahindra Residential Developers Limited (Unsecured)		12%				–	–	55,000,000
Total Un-Secured Borrowings............						–	–	1,675,000,000
Total non current borrowings						**2,407,305,791**	3,173,454,332	3,511,275,667

Term Loan from Financial Institution - Secured Borrowings

Term Loan - 1 From HDFC Ltd INR 81.94 Crores carried an interest of 9.85%. Principal to be repaid in 12 equal quarterly installments, commencing from April 2016, after a moratorium of 36 months.

Term Loan - 2 From HDFC Ltd INR 160 Crores carries an interest of HDFC CPLR - 728 points. Principal to be repaid in 12 equal quarterly instalments, commencing from Jun 2018, after a moratorium of 24 months. Rate of interest is 10.37% from Dec 2016 interest rate in 9.95% HDFC CPLR Less 770 basis points.

Both Term loans are secured by equitable Mortgage by deposit of title deeds of 91.598 acres of land at Mahindra World City, Chengalpattu with carrying value of INR 53.59 Crores, and 264 acres of land in NH 16 near Ponneri whose carrying value of INR 184.28 crores.

There are no defaults in case of either interest or principal with respect to payments for the above borrowings.

Terms of Repayment of terms loans are as under

As at March 31, 2017

Particulars	Amount Outstanding	Terms of Repayment	Rate of Interest
HDFC Limited Term Loan 1 (Secured)	**1,683,333,332**	36 months moratorium 12 instalments quarterly instalments from April 2016	9.85%
HDFC Limited Term Loan 2 (Secured)	**1,600,000,000**	24 months moratorium 12 instalments quarterly instalments from June 2018	10.37% up to 30th Nov 16, 9.95% from 1 Dec 16 HDFC CPLR Less 770 Points
Total..	**3,283,333,332**		

As at March 31, 2016

(Amounts in INR)

Particulars	Amount Outstanding	Terms of Repayment	Rate of Interest
HDFC Limited...	**2,262,083,333**	36 months moratorium 12 instalments quarterly instalments from April 2016	9.85%
HDFC Limited...	**1,600,000,000**	24 months moratorium 12 instalments quarterly instalments from June 2018	10.37%
Total..	**3,862,083,333**		

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

As at March 31, 2015

Particulars	Amount Outstanding	Terms of Repayment	Rate of Interest
HDFC Limited	**2,012,500,000**	36 months moratorium 12 instalments quarterly instalments from April 2016	9.85%
Mahindra Lifespace Developers Limited (Unsecured)	**1,620,000,000**	24 months moratorium 12 instalments quarterly instalments from June 2018	11%/12%
Mahindra Residential Developers Limited (Unsecured)	**55,000,000**	Repayable in April'16	12%
Total	**3,687,500,000**		

12B. Current borrowings

Details of Current Borrowings of the Company:

Description of the instrument	**Currency of Loan**	**Coupon Rate**	**Amortised cost as at March 31, 2017**	Amortised cost as at March 31, 2016	Amortised cost as at April 1, 2015
A. Un-Secured Borrowings:					
From Financial Institutions					
HDFC Bank Limited Unsecured OD Limit of INR 100 Crores repayable in demand	INR		**632,063,636**	–	–
Mahindra Integrated Township Limited Unsecured ICD Loan 11% repayable within a year	INR		**100,000,000**	–	–
Total Un-Secured Borrowings			**732,063,636**	–	–
Total current borrowings			**732,063,636**	–	–

Terms of Repayment of Current Borrowings are as under

As at March 31, 2017

Particulars	**Amount Outstanding**	**Terms of Repayment**	**Rate of Interest**
HDFC Bank Limited Unsecured Overdraft of INR 100 Crores	**632,063,636**	On Demand 1 year	9.55%
Mahindra Integrated Township Limited Unsecured ICD Loan	**100,000,000**		11%
Total	**732,063,636**		

13. Other Financial Liabilities

Particulars	**As at March 31, 2017**		As at March 31, 2016		As at April 1, 2015	
	Non-current	**Current**	Non-current	Current	Non-current	Current
Deposits						
Security deposits received from lessees	**1,743,824**	–	954,095	–	83,970	–
	1,743,824	–	954,095	–	83,970	–
Others						
Current maturity of long-term borrowings	–	**841,666,668**	–	631,250,001	–	167,708,333
Interest accrued but not due	–	–	–	–	–	44,938,356
Earnest money deposit	–	**250,000**	–	893,000	–	1,339,300
Rental/Other deposit from customer	–	**10,212,522**	–	12,717,398	–	9,323,719
	–	**852,129,190**	–	644,860,399	–	223,309,708
Total Other Financial Liability	**1,743,824**	**852,129,190**	954,095	644,860,399	83,970	223,309,708

14. Other liabilities

(Amounts in INR)

Particulars	**As at March 31, 2017**		As at March 31, 2016		As at April 1, 2015	
	Non-current	**Current**	Non-current	Current	Non-current	Current
Advance from customers		**2,173,745**		11,600,132		5,352,936
Advance towards club membership		–		–		122,500,000
Other Payables		–		35,268,333		42,848,428
Payable on purchase of fixed assets		**4,765,714**		10,891,826		52,640,503
Statutory dues payable		**3,366,168**		10,457,024		7,298,313
Deferred Income	**113,051,224**	**7,615,081**	118,665,109	6,645,198	–	–
Un-earned Income	**34,716,017**		35,105,000		35,494,000	
Total Other Liabilities	**147,767,241**	**17,920,708**	153,770,109	74,862,513	35,494,000	230,640,180

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

15. Income Tax

(a) Income Tax recognised in profit or loss

(Amounts in INR)

Particulars	March 31, 2017	March 31, 2016
Current Tax:		
In respect of current year	–	162,370,000
Unrecognised tax loss used to reduce current tax expense	–	–
Deferred Tax:	**(15,859,472)**	(151,914,407)
Total income tax expense on income from operations	**(15,859,472)**	10,455,593

(b) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Particulars	March 31, 2017	March 31, 2016
Profit before tax from continuing operations	**(47,301,447)**	92,575,985
Income tax expense calculated at statutory rate of 34.608%***	**(16,370,085)**	32,038,697
Disallowance u/s 14A for expense incurred on investment	–	1,107,889
Dividend income exempt from tax	**(108,000)**	(291,989)
Deduction u/s 80-IAB	–	(17,442,912)
Changes based on return of income filed for the year	–	(3,488,235)
Miscellaneous	**618,613**	(1,467,857)
	(15,859,472)	10,455,593
Income tax expense recognised In profit or loss	**(15,859,472)**	10,455,593

*** The Tax Rate used for March 31, 2017 and March 31, 2016 reconciliations above is the corporate tax rate of 34.61% payable by Corporate Entities in India on taxable profits under Indian Income Tax Act laws.

(i) Movement in deferred tax balances

(Amounts in INR)

Particulars	For the Year ended March 31, 2017			
	Opening Balance	**Recognised in profit and Loss**	**Recognised in OCI**	**Closing Balance**
Tax effect of items constituting deferred tax Liability				
Property, Plant and Equipment	**56,223,798**	**(1,813,602)**	–	**54,410,196**
Interest Inventorised	**194,532,011**	–	–	**194,532,011**
IND AS Adjustment	**927,000**	–	–	**927,000**
Total Deferred Tax Liability	251,682,809	(1,813,602)	–	249,869,207

(Amounts in INR)

Particulars	For the Year ended March 31, 2017			
	Opening Balance	**Recognised in profit and Loss**	**Recognised in OCI**	**Closing Balance**
Tax effect of items constituting deferred tax assets				
Section 43B disallowance	**1,689,968**	**(1,581,548)**	–	**108,420**
Carry Forward of Losses	–	**13,637,458**	–	**13,637,458**
Provision for doubtful debts	**253,471**	–	–	**253,471**
MAT Credit	–	–	–	–
IND AS Adjustment	**10,036,000**		–	**10,036,000**
Total Deferred Tax Asset	**11,979,439**	**12,055,910**	–	**24,035,349**
Net Deferred Tax Liability	**239,703,370**	**(13,869,512)**	–	**225,833,858**

Particulars	For the Year ended March 31, 2016			
	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax Liability				
Property, Plant and Equipment	53,427,236	2,796,562	–	56,223,798
Interest Inventorised	434,117,013	(239,585,002)	–	194,532,011
IND AS Adjustment	927,000		–	927,000
Total Deferred Tax Liability	488,471,249	(236,788,440)	–	251,682,809
Tax effect of items constituting deferred tax assets				
Section 43B disallowance	1,777,986	(88,018)	–	1,689,968
Carry Forward of Losses	94,913,603	(94,913,603)	–	–
Provision for doubtful debts	161,883	91,588	–	253,471
MAT Credit	135,536,620	(135,536,620)	–	–
IND AS Adjustment	–	10,036,000	–	10,036,000
Total Deferred Tax Asset	232,390,092	(220,410,653)	–	11,979,439
Net Deferred Tax Liability	256,081,157	(16,377,787)	–	239,703,370

16. Provisions

(Amounts in INR)

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Non-current	**Current**	Non-current	Current	Non-current	Current
Gratuity	–	–	500,234	–	1,186,002	–
Leave Encashment	**1,403,319**	**313,280**	3,174,867	1,208,070	2,639,187	1,312,310
Proposed equity dividend	–	–	–	–	–	–
Tax on proposed dividends	–	–	–	–	–	–
Total Other Liabilities	**1,403,319**	**313,280**	3,675,101	1,208,070	3,825,189	1,312,310

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

17. Trade Payables

(Amounts in INR)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade payable - Micro and small enterprises*	–	–	–
Trade payable - Other than micro and small enterprises	**81,733,324**	41,986,517	24,167,235
	81,733,324	41,986,517	24,167,235

Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

* 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.

Breakup of financial liabilities carried at amortised cost

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Borrowings (non-current) (note 12A)	**2,407,305,791**	3,173,454,332	3,511,275,667
Borrowings (current) (note 12B)	**732,063,636**	–	–
Trade payable - Micro and small enterprises	–	–	–
Trade payable - Other than micro and small enterprises	**81,733,324**	41,986,517	24,167,235
Total financial liabilities carried at amortised cost	**3,221,102,751**	3,215,440,849	3,535,442,902

18. Revenue from Operations

The following is an analysis of the company's revenue from Continuing Operations:

Particulars	March 31, 2017	March 31, 2016
Land Lease Premium	**300,732,000**	–
Sale of land	**3,680,000**	1,846,085,080
Rental income	**23,072,859**	15,785,975
Operation and maintenance income	**224,713,978**	231,837,510
Club membership fees	**6,883,327**	6,599,644
Club Annual subscription fees	**3,739,262**	3,679,166
Club operating income	**13,189,201**	9,664,243
Project Management Fees	**9,805,723**	1,649,184
Total Revenue from operations	**585,816,350**	2,115,300,802

19. Other Income

(Amounts in INR)

Particulars	March 31, 2017	March 31, 2016
Other non operating income		
Transfer Fees	**18,183,607**	2,438,000
Interest on advance for purchase of land	–	5,208,090
Interest on overdue receivables	–	8,758,732
Interest on Fixed deposit with banks	–	150,685
Redemption of Mutual Funds	–	3,096,401
Dividend from Mutual Fund	**312,065**	843,703
Provision no longer required written back	**4,585,431**	–
Miscellaneous Income	**450,002**	130,000
Total Other Income	**23,531,106**	20,625,611

20. Changes in inventories

Particulars	March 31, 2017	March 31, 2016
Inventories at the end of the year		
Work-in-progress	**3,098,472,232**	2,961,328,029
Inventory - Club	**1,102,421**	962,222
	3,099,574,653	2,962,290,251
Inventories at the beginning of the year		
Work-in-progress	**2,961,328,029**	4,075,687,280
Inventory - Club	**962,222**	3,507,435
Total (Increase)/Decrease in inventories of finished goods, work-in-progress and stock-in-trade	**(137,284,402)**	1,116,904,464

21. Employee Benefit Expense

Particulars	March 31, 2017	March 31, 2016
Salaries and wages	**35,978,401**	35,117,779
Contributions to provident and other funds	**1,718,860**	1,394,091
Staff welfare expenses	**2,894,788**	2,872,882
Total Other expenses	**40,592,049**	39,384,752

22. Finance Costs

Particulars	March 31, 2017	March 31, 2016
(a) Interest expense on:		
(i) Term loan from HDFC Limited	**387,301,594**	223,119,764
(i) Term loan from Related parties	**1,844,384**	179,575,071
(iii) Commercial Papers	–	11,439,600
(iv) Cash Credit Limited	**21,802,566**	–
(v) Other Interest	**106,026**	8,343
Net Finance Cost	**411,054,570**	414,142,778

Analysis of Interest Expenses by Category

Particulars	March 31, 2017	March 31, 2016
Interest Expenses		
On Financial Liability at Amortised Cost	**411,054,570**	414,142,778

23. Other expenses

(Amounts in INR)

Particulars	March 31, 2017	March 31, 2016
Power and fuel	**37,288,831**	34,165,495
Rent including lease rentals	**880,198**	899,717
Repairs and maintenance	**4,646,813**	2,314,788
Insurance	**2,557,073**	2,084,771
Rates and taxes	**6,310,501**	1,699,661
Communication	**3,683,952**	3,092,981
Travelling and conveyance	**5,751,814**	7,709,573
Printing and stationery	**792,483**	766,136
Business promotion	**11,691,890**	7,539,766
Operation and Maintenance Expenses	**138,436,400**	120,491,846
Legal and professional	**23,381,181**	19,520,970
Payments to auditors	**1,700,000**	1,140,812
Directors sitting fees	**410,680**	420,000
Loss on Sale of Fixed Assets	**19,334**	173,591
Services outsourced	**10,038,548**	7,704,243
Allowances for expected credit losses	–	264,644

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(Amounts in INR)

Particulars	March 31, 2017	March 31, 2016
Bad debts	–	37,516
Corporate Social Responsibility (CSR) activities	**2,639,000**	7,844,750
Club expenses	**9,929,622**	5,982,561
Miscellaneous expenses	**951,514**	539,548
Total Other expenses	**261,109,834**	224,393,370

Payment to auditor (excluding taxes)	March 31, 2017	March 31, 2016
Statutory Audit	**775,000**	775,000
Certification and Other Services	**925,000**	360,000
Out of Pocket Expenses	–	5,812
	1,700,000	1,140,812

24. Expense on Corporate Social Responsibility

Details of expenditure on Corporate Social Responsibility	March 31, 2017	March 31, 2016
Sponsorship to Nanhi Kali	**1,311,000**	3,920,400
Providing lighting facility to Children's Park	**418,000**	1,071,940
Support to School for Enhancing Quality of Education	**300,000**	721,885
Supporting Primary Health Center	**350,000**	721,885
Swachh Bharat Initiative	**160,000**	846,100
Skill development	**100,000**	562,540
	2,639,000	7,844,750

25. Leases

The Company leasing arrangements are in respect of its Commercial Premised being leased out to various customers under Operating Lease. Lease Income from operating leases is recognised on a straight line basis over the period of lease. The particulars of premises under operating leases are given below:

Particulars	As at March 31, 2017 (INR)	As at March 31, 2016 (INR)	As at April 1, 2015 (INR)
Gross Carrying Amount of Premises	**116,977,826**	116,977,826	116,977,826
Accumulated Depreciation	**36,477,859**	32,570,710	28,683,849
Depreciation for the year	**3,907,149**	3,886,861	3,886,861

26. Segment information

Business segments

The Company operates in only one business segment namely lease of land and properties constructed thereon. Therefore, business segment reporting in terms of IND AS 108 on segmental reporting is not applicable.

Geographical segments

The Company operates only in India. Therefore, geographical segment reporting in terms of IND AS 108 on segmental reporting is not applicable. The conditions prevailing in India being uniform, no separate geographical disclosure within India is considered necessary.

27. Earnings per Share

Particulars	March 31, 2017 INR Per Share	March 31, 2016 INR Per Share
Basic/Diluted Earnings per share		
From continuing operations (`) per share	**(1.57)**	4.11
From discontinuing operations (`) per share	–	–
Total basic/diluted earnings per share	**(1.57)**	4.11

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 INR)

Particulars	March 31, 2017	March 31, 2016
Profit/for the year attributable to owners of the Company	**(31,441,975)**	82,120,392
Less: Preference dividend and tax thereon		–
Profit/for the year used in the calculation of basic earnings per share	**(31,441,975)**	82,120,392
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	**(31,441,975)**	82,120,392
Weighted average number of equity shares	**20,000,000**	20,000,000
Earnings per share from continuing operations - Basic	**(1.57)**	4.11

28. Contingent liabilities & Capital Commitments

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Contingent liabilities (to the extent not provided for)			
Income Tax matters disputed and not provided for - under appeal			
Tax on borrowing costs disallowed Tax on borrowing costs inventorised in books but claimed as expenditure under Income Tax and disputed by the department - ` 321,579,855 (for the years ended March 31, 2014, March 31, 2013, March 31, 2012 and March 31, 2011 is ` 97,481,235, ` 88,748,075, ` 75,743,139 and ` 59,607,406/- respectively. However even if this liability crystallizes, there would be future tax benefits available on account of timing difference except for interest			
Other Matters disputed in the above years	**7,403,291**	4,153,852	768,833
Note: The above amount is based on demand raised, which the Company is contesting with the concerned authorities. Outflows, if any, arising out of this claim would depend on the outcome of the decision of the appellate authorities and Company's rights for future appeals. No reimbursements are expected.			

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Service tax demands received	**35,996,529**	–	–
Total Contingent Liabilities	**43,399,820**	4,153,852	768,833
Bank Guarantees			
Bank Guarantee to Tamil Nadu Pollution control board for Consent to Operate Renewal	**2,000,000**	–	–
Capital Commitments			
Estimated amount of contracts remaining to be executed/taken decision to enter into contract on capital account and not provided for - Tangible Assets	**15,000,000**	–	53,029,878

All Income & Service tax demands are/were appealed or in the process filing appeal with appropriate tax authority.

29. Employee Benefits

(a) Defined Contribution plans

The Company makes Provident fund contribution to defined contribution plans for the employees. Under the scheme, the company is required to contribute a specified percentage of the payroll cost to the fund the benefits. The Company recognized ` 1719 (000s) (PY ` 1178 (000s)) for Provident fund contributions in the statement of profit and Loss. The contributions payable to these plans by the company are at rates specified in the rules of the scheme.

(b) Defined Benefit Plans

The Company's obligation towards gratuity is defined benefit plan. The gratuity expense is included under 'Employee Benefit Expenses' in Note Employee benefits expense. The company has funded the gratuity Liability through LIC Scheme. The details of actuarial valuation are given below:

(Amounts in INR)

		Gratuity (Funded)		
		2016-17	2015-16	2014-15
a.	**Net Asset/(Liability) recognized in the balance sheet**			
	Present Value of Defined Benefit Obligation	**2,401,551**	3,698,537	3,597,239
	Fair Value of Plan assets	**2,436,213**	3,198,303	2,411,237
	Liability (Asset) recognised in the balance sheet	**(34,662)**	500,234	1,186,002
b.	**Expense recognized in the Statement of Profit & Loss**			
	Past service cost	–	–	–
	Current Service cost	**340,408**	359,644	378,879
	Interest cost	**34,947**	278,290	277,384
	Expected return on plan assets	–	(212,424)	(172,172)
	Actuarial (gains)/Losses	–	(564,313)	(103,250)
	Total expenses	**375,355**	(138,803)	380,841
c.	**Change in present value of Defined Benefit obligation**			
	Present Value of the obligation at the beginning of the year	**3,698,537**	3,597,239	3,217,102
	Past service cost	**246,329**	–	–
	Current Service cost	**340,408**	359,644	378,879
	Interest Cost	–	278,290	277,384
	Actuarial (Gains)/Losses	**(1,160,893)**	(477,790)	61,720
	Benefits Paid	**(722,830)**	(58,846)	(337,846)
	Present value of the obligation as at the end of the year	**2,401,551**	3,698,537	3,597,239
d.	**Change in fair value of plan assets**			
	Present value of plan assets as the beginning of the year	**3,198,303**	2,411,237	2,230,192
	Expected return on plan assets	**211,382**	212,424	172,172
	Contributions made	**115,733**	546,965	181,750
	Benefits paid	**(1,160,893)**	(58,846)	(337,846)
	Actuarial Gains/(Losses)	**71,688**	86,523	164,969
	Present value of plan assets at the end of the year	**2,436,213**	3,198,303	2,411,237
e.	**Principal actuarial assumptions**			
	Discount Rate	**6.70%**	7.90%	7.80%
	Expected return on plan assets	**6.70%**	8.00%	8.00%
	Mortality	LIC (2006-08) Ultimate mortality tables		
f.	**Estimate of amount of contribution in the immediate next year**	**19000**	500,000	50,000

g. Estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotions, increments and other relevant factors such as supply and demand in the employment market.

h. Basis used to determine expected rate of return - The Gratuity Fund is managed by the Life Insurance Corporation of India and they have not made available the information on major categories of plan assets and the expected rate of return on each class of plan assets.

i.	**Experience adjustment as provided by actuary:**	**for the years**					
		2016-17	**2015-16**	**2014-15**	**2013-14**	**2012-13**	**2011-12**
	Present value of DBO	**3,698,537**	3,597,239	3,597,239	3,217,102	3,800,161	4,024,903
	Fair value of plan assets	**2,436,213**	3,198,303	2,411,237	2,230,192	2,846,742	1,177,668
	Funded status [Surplus/(Deficit)]						
	Experience gain/(loss) adjustments on plan liabilities	–	(212,424)	449,140	(29,123)	1,647,213	(1,645,523)
	Experience gain/(loss) adjustments on plan assets	**71,688**	86,523	164,969	84,623	(160,976)	(127,992)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015
Actuarial assumptions for long-term compensated absences			
Discount rate	**6.70%**	7.90%	7.80%
Expected return on plan assets	**6.70%**	8.00%	8.00%
Salary escalation	**10.00%**	12.00%	12.00%
Attrition	**18.00%**	2.00%	5.00%

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

30. 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 debt divided by total equity. Total liabilities and total equity are based on the amounts stated in the financial statements.

The Company is not subject to externally enforced regulation.

Debt-to-equity ratio as of 31st March, 2017, 31st March, 2016 and 1st April, 2015 is as follows:

(Amounts in INR)

	March 31, 2017	March 31, 2016	April 1, 2015
Debt (A)	**3,981,036,095**	3,804,704,333	3,678,984,000
Equity (B)	**1,222,509,106**	1,253,156,563	1,195,107,771
Debt Equity Ratio (A/B)	**3.26**	3.04	3.08

Categories of financial assets and financial liabilities

As at March 31, 2017

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investment in Associates	**130,000,000**	–	–	**130,000,000**
Investment in Joint Ventures	**1,020,000,000**			**1,020,000,000**
Other Financial Assets	**5,277,660**			**5,277,660**
Current Assets				
Trade Receivables	**21,547,217**	–	–	**21,547,217**
Cash and Cash equivalents	**42,882,047**	–	–	**42,882,047**
Other Financial Assets	**12,475,000**	–	–	**12,475,000**
	1,232,181,924	–	–	**1,232,181,924**
Non-current Liabilities				
Borrowings	**2,407,305,791**	–	–	**2,407,305,791**
Other Financial Liabilities	**1,743,824**	–	–	**1,743,824**
Current Liabilities				
Borrowings	**732,063,636**	–	–	**732,063,636**
Trade Payables	**81,733,324**	–	–	**81,733,324**
Other Financial Liabilities				–
– Non Derivative Financial Liabilities	**852,129,190**	–	–	**852,129,190**
	4,074,975,765	–	–	**4,074,975,765**

As at March 31, 2016

(Amounts in INR)

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investment in Associates	130,000,000	–	–	130,000,000
Investment in Joint Ventures	1,020,000,000			1,020,000,000
Other Financial Assets	5,595,863			5,595,863
Current Assets				
Trade Receivables	16,419,835	–	–	16,419,835
Cash and Cash equivalents	41,121,545	–	–	41,121,545
Other Financial Assets	675,000	–	–	675,000
	1,213,812,243	–	–	1,213,812,243
Non-current Liabilities				
Borrowings	3,173,454,332	–	–	3,173,454,332
Other Financial Liabilities	954,095	–	–	954,095
Current Liabilities				
Borrowings	–	–	–	–
Trade Payables	41,986,517	–	–	41,986,517
Other Financial Liabilities				–
– Non Derivative Financial Liabilities	644,860,399	–	–	644,860,399
	3,861,255,343	–	–	3,861,255,343

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

	As at April 1, 2015			
	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investment in Associates	130,000,000	–	–	130,000,000
Investment in Joint Ventures	500,000	–	–	500,000
Other Financial Assets	4,414,887	–	–	4,414,887
Current Assets				
Trade Receivables	13,558,123	–	–	13,558,123
Other Bank Balances	15,929,253	–	–	15,929,253
Other Financial Assets	675,000	–	–	675,000
	165,077,263	–	–	165,077,263
Non-current Liabilities				
Borrowings	3,511,275,667	–	–	3,511,275,667
Other Financial Liabilities	83,970	–	–	83,970
Current Liabilities				
Borrowings	–	–	–	–
Trade Payables	24,167,235	–	–	24,167,235
Other Financial Liabilities	223,309,708	–	–	223,309,708
	3,758,836,580	–	–	3,758,836,580

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

The amount of trade receivable from Land leasing, Industrial park maintenance service and property leasing activities as appearing in the balance sheet of the company shows the amount due from the customers to whom the Industrial park Maintenance charges, water charges and property Lease services are provided. Company executes Land leasing agreement with customers only entire lease premium is paid by customers and hence no risk of credit loss in dues relating to Land leasing premium. Further, As per the company's policy, every customer has to deposit 3 to 6 months of Maintenance charges and/or monthly lease rentals with the company and as per the terms of the agreement with the customer's, company is entitled to adjust the pending dues against the deposits taken from customer and hence, company is not exposed to any credit loss risk. Further there has been no instance in past which shows that the company has not written off bad any dues pending from him and has exposed to a credit risk. In light of the above fact the company is not making any provision for expected credit loss.

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 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
March 31, 2017				
Non-interest bearing				
Trade Payable	**81,733,324**	–	–	–
Other Financial Liabilities	**10,462,522**	–	–	**1,743,824**
Variable interest rate instruments				
Short term Borrowing – Principal	**732,063,636**	–	–	–
Loan term Borrowing – Principal	**841,666,668**	**1,908,333,328**	**498,972,463**	–
Total	**1,665,926,150**	**1,908,333,328**	**498,972,463**	**1,743,824**
March 31, 2016				
Non-interest bearing				
Trade Payable	41,986,517	–	–	–
Other Financial Liabilities	13,610,398	–	–	954,095
Variable interest rate instruments				
Short term Borrowing - Principal	–	–	–	–
Loan term Borrowing - Principal	631,250,001	2,106,787,664	1,066,666,668	–
Total	686,846,916	2,106,787,664	1,066,666,668	954,095
April 1, 2015				
Non-interest bearing				
Trade Payable	24,167,235	–	–	–
Other Financial Liabilities	55,601,375	–	–	83,970
Variable interest rate instruments				
Short term Borrowing - Principal	–	–	–	–
Loan term Borrowing - Principal	167,708,333	2,669,609,003	841,666,664	–
Total	247,476,943	2,669,609,003	841,666,664	83,970

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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.

(iii) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Secured Bank Overdraft facility			
– Expiring within one year	**265,936,364**	–	–
– Expiring beyond one year	–	52,500,000	521,016,000
Secured Bank Guarantee Limit (sub limit of CC Credit facility)			
– Expiring within one year	**18,000,000**	–	–
Secured Letter of Credit (sub limit of CC Credit facility)			
– Expiring within one year	**20,000,000**	–	–
	265,936,364	–	–

(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.

(Amounts in INR)

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial assets				
March 31, 2017				
Non-interest bearing				
Non Current Investment	–	–	–	–
Security Deposits	**675,000**	–	–	**5,277,660**
Trade Receivable	**21,547,217**	–		
Cash and Cash equivalents	**42,882,047**	–	–	–
Other Current Financial Assets	**11,800,000**	–	–	–
Total	**76,904,264**	–	–	**5,277,660**
March 31, 2016				
Non-interest bearing				
Non Current Investment	–	–	–	–
Security Deposits	675,000	–	–	5,595,863
Trade Receivable	16,419,835			
Cash and Cash equivalents	41,121,545			
Other Current Financial Assets	–	–	–	–
Total	58,216,380	–	–	5,595,863
April 1, 2015				
Non-interest bearing				
Non Current Investment	–	–	–	130,500,000
Security Deposits	675,000	–	–	4,414,887
Trade Receivable	13,558,123	–	–	–
Cash and Cash equivalents	15,929,253	–	–	–
Other Current Financial Assets	–	–	–	–
Total	30,162,376	–	–	134,914,887

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.

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 only in India Rupees and hence there is no risk of foreign exchange fluctuations.

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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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:

Year	Currency	Increase/ decrease in basis points	Effect on financials
31-Mar-2017	INR	+100	39,810,361
	INR	–100	(39,810,361)
31-Mar-2016	INR	+100	38,047,043
	INR	–100	(38,047,043)
31-Mar-2015	INR	+100	36,789,840
	INR	–100	(36,789,840)

31. Related Party Transactions

Details of related parties:

Description of relationship	
Holding Company	Mahindra Lifespaces Developers Limited (MLDL)
Joint Venture	Mahindra Industrial Park Chennai Ltd (MIPCL)
Associate	Mahindra Integrated Township Limited (MITL)
Key Management Personnel (KMP)	
Manager under the companies Act, 2013	Mr. Chandru (till 30th June 2016)-Manager and Chief Operating Officer
Business Head	Mr. Vivek Sharma (Business Head With Effect From 15th July 2016)
Chief Financial Officer	Mr. L Nataraj (With Effect From 15th April 2016)
Company Secretary	Ms. Iyer Shoba Narayanan (15th July 2016 to 15th September 2016)
	Mr. A. Muthukumaran (with Effect From 14th October 2016)

Note: Related parties have been identified by the Management and relied upon by the auditors.

Details of related party transactions during the year ended 31st March, 2017 and balances outstanding as at 31st March, 2017:

(Amounts in INR)

Transactions during the year	Holding Company (MLDL)	Joint Venture (MIPCL)	Associate (MITL)	KMP
Sale of Land ` 2,104,667,000 net of Amount derecognised ` 258,581,920/-	–	–	–	–
	–	(2,104,667,000)	–	–
Operation and maintenance Income	–	–	22,304,574	–
	(167,790)	–	(25,230,706)	–
Water charges	–	–	4,950,456	–
	–	–	(3,703,841)	–
Club income	–	–	427,351	–
	–	–	(41,812)	–
Professional charges received	–	9,607,915	–	–
	–	(1,649,184)	–	–
Interest received	–	–	–	–
	–	(8,758,732)	–	–
Rent received	–	–	1,437,050	–
	–	–	(2,845,800)	–
Reimbursement of expenses		4,092,410	–	–
		(11,283,775)	–	–
ESOP	69,976	–	–	–
	–	–	–	–
Interest Paid	–	–	1,844,383	–
	(175,940,550)	–	–	–
Sale of Fixed Asset (incl Taxes)	–	1,128,750	–	–
	–	–	–	–
Inter Corporate Deposit received	–	–	200,000,000	–
	–	–	–	–
Intercorporate Deposit/Term loan repaid	–	–	100,000,000	–
	(1,620,000,000)	–	–	–
Investment in share capital	–	–	–	–
	–	(1,019,500,000)	–	–
Managerial Remuneration*				
Manager and Chief Operating Officer	–	–	–	6,611,059
	–	–	–	(7,716,362)
Business Head				6,711,145

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(Amounts in INR)

Transactions during the year	Holding Company (MLDL)	Joint Venture (MIPCL)	Associate (MITL)	KMP
				–
Chief Financial Officer	–	–	–	3,752,280
	–	–	–	(2,341,252)
Company Secretary	–	–	–	668,128
	–	–	–	–
Dividend Paid on Equity & Preference Shares	–	–	–	–
	(17,800,000)	–	–	–
Balance Outstanding as at the year end				
Inter-Corporate deposits payable	–	–	100,000,000	–
	–	–	–	–
Security Deposits taken	–	–	7,605,375	–
	–	–	(8,642,835)	–
Receivables	–	262,042,467	493,052	–
	–	(258,581,920)	–	–
Payables	69,976	–	–	
	–	–	–	

Note: Figures in bracket relates to the previous year

* Remuneration payable to Manager, Business Head, Company Secretary & CFO is approved by Nomination & Remuneration committee

32. Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

(Amounts in INR)

Particulars	31-Mar-17		31-Mar-16		31-Mar-15	
	Carrying amount	**Fair value**	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Financial assets carried at Amortised Cost						
– investments in Equity	–	–	–	–	130,500,000	130,500,000
– trade and other receivables	**21,547,217**	**21,547,217**	16,419,835	16,419,835	13,558,123	13,558,123
– deposits and similar assets	**17,752,660**	**17,752,660**	6,270,863	6,270,863	5,089,887	5,089,887
Total	**39,299,877**	**39,299,877**	22,690,698	22,690,698	149,148,010	149,148,010
Financial liabilities						
Financial liabilities held at amortised cost						
– loans from Bank	**732,063,636**	–	–	–	–	–
– loans from related parties	–	–	–	–	1,675,000,000	1,675,000,000
– trade and other payables	**81,733,324**	**81,733,324**	41,986,517	41,986,517	24,167,235	24,167,235
Total	**813,796,960**	**81,733,324**	41,986,517	41,986,517	1,699,167,235	1,699,167,235

Fair value hierarchy as at 31st March, 2017

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
– investments in Equity	–	–	–	–
– trade and other receivables	–	**21,547,217**	–	**21,547,217**
– deposits and similar assets	–	**17,752,660**	–	**17,752,660**
Total	–	**39,299,877**	–	**39,299,877**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– loans Bank	–	**732,063,636**	–	**732,063,636**
– loans from related parties	–	–	–	–
– trade and other payables	–	**81,733,324**	–	**81,733,324**
Total	–	**813,796,960**	–	**813,796,960**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Fair value hierarchy as at 31st March, 2016

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– investments in Equity	–	–	–	–
– trade and other receivables	–	16,419,835	–	16,419,835
– deposits and similar assets	–	6,270,863	–	6,270,863
Total	–	22,690,698	–	22,690,698
Financial liabilities				
Financial Instruments not carried at Fair Value				
– bank Loans	–	–	–	–
– loans from related parties	–	–	–	–
– trade and other payables	–	41,986,517	–	41,986,517
Total	–	41,986,517	–	41,986,517

Fair value hierarchy as at 31st March, 2015

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– investments in Equity	–	130,500,000	–	130,500,000
– trade and other receivables	–	13,558,123	–	13,558,123
– deposits and similar assets	–	5,089,887	–	5,089,887
Total	–	149,148,010	–	149,148,010
Financial liabilities				
Financial Instruments not carried at Fair Value				
– bank Loans	–	–	–	–
– loans from related parties	–	1,675,000,000	–	1,675,000,000
– trade and other payables	–	24,167,235	–	24,167,235
Total	–	1,699,167,235	–	1,699,167,235

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.

33. Additional Information to the Financial Statements

(i) 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 the Management and this has been relied upon by the 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 made.

(ii) 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	113,500	62,221	175,721
(+) Permitted receipts	–	468,686	468,686
(-) Permitted payments	(73,500)	(380,330)	(453,830)
(-) Amount deposited in Banks	(40,000)	–	(40,000)
Closing Cash in hand as on 30.12.2016	–	150,577	150,577

34. Other Notes

i. The Company has disclosed the impact of pending litigations on its financial position in this Ind AS financial statements (Refer Note 28 to the Ind AS financial statements). The company did 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 contracts. 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.

35. 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).

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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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 March 31, 2016	As at April 1, 2015
Equity as reported under previous GAAP		1,197,361,563	1,193,310,771
Ind AS: Adjustments increase (decrease):			
Fair value adjustment of Security Deposits	a	3,113,000	2,724,000
Effective interest rate on borrowings		57,373,000	8,516,000
Interest Capitalisation		(13,511,000)	(8,516,000)
ESOP Adjustments		(289,000)	–
Deferred Tax Adjustment on the above		9,109,000	(927,000)
Equity as reported under IND AS		1,253,156,563	1,195,107,771

(ii) Reconciliation of Total Comprehensive Income for the year ended 31 March 2016:

Particulars	Foot Note	Year ended March 31, 2016
Profit or Loss as per previous GAAP		28,122,392
Ind AS: Adjustments increase (decrease):		
Fair value adjustment of Security Deposits	a	389,000
Effective interest rate on borrowings		48,857,000
ESOP Impact		(289,000)
Interest Capitalisation		(4,995,000)
Deferred Tax Adjustment on the above		10,036,000
Profit or Loss under Ind AS		82,120,392
Other comprehensive income		–
Total comprehensive income under Ind ASs		82,120,392

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 March 31, 2016 Previous GAAP	Ind AS Adjustments	Ind AS
Net cash flows from operating activities	347,974,133	7,537,500	299,117,133
Net cash flows from investing activities	(10,293,796)	–	(10,293,796)
Net cash flows from financing activities	(312,488,045)	(7,537,500)	(263,631,045)
Net increase (decrease) in cash and cash equivalents	25,192,292	–	25,192,292
Cash and cash equivalents at beginning of period	15,904,253	25,000	15,929,253
Effects of exchange rate changes on the balance of cash held in foreign currencies	–	–	–
Cash and cash equivalents at end of period	41,096,545	25,000	41,121,545

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.

36. Approval

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 **A. F. Ferguson & Co.**
Chartered Accountants

Geetha Suryanarayanan
Partner
Place : Chennai
Date : 15th April, 2017

For and on behalf of the Board of Directors of Mahindra World City Developers Limited

N. Vaghul
Chairman
(DIN: 00002014)

Anita Arjundas
Director
(DIN: 00243215)

Sangeeta Prasad
Director
(DIN: 02791944)

Vivek Sharma
Business Head (CEO)

L. Nataraj
Chief Financial Officer

A. Muthukumaran
Company Secretary
(ACS: 33894)

FORM AOC-1

Salient Features of fiancial statements of Associates/Joint ventures as per Companies Act, 2013

All amounts are in ` lakh unless otherwise stated

	ASSOCIATES	JOINT VENTURES
	Mahindra Integrated Township Limited	**Mahindra Industrial park chennai Limited**
Latest Audited Balance Sheet Date	31st March, 2017	31st March, 2017
The date on which the Associate or Joint Venture was associated or acquired	04th May, 2006	22nd Dec., 2014
Shares of Associate/Joint Venture held by the Company on the year end:		
No. of Shares	13000000	102000000
Amount of investment in Associates/Joint Venture	1300	10200
Extent of Holding (%)	25.78	60.00
Description of how there is significant influence	Note(a)	Note(a)
Reason why the Associate/joint venture is not consolidated	NA	NA
Networth attributable to Shareholding as per latest audited Balance sheet	2,398.64	10,534.13
Profit/Loss for the year:		
i) Considered in Consolidation	0	0
i) Not Considered in Consolidation	1370.26	208.99

a) There is significant influence due to percentage (%) of Share Capital.

BALANCE SHEET AS AT 31ST MARCH, 2017

	Note No.	As at 31st March, 2017	As at 31st March, 2016	` in Lakhs As at 1st April, 2015
I ASSETS				
NON-CURRENT ASSETS				
(a) Property, Plant and Equipment	**1**	**142.33**	194.04	246.69
(b) Deferred Tax Assets (Net)	**2**	**–**	10.76	12.71
(c) Other Non-current Assets	**3**	**239.13**	239.78	215.23
SUB-TOTAL		**381.46**	444.58	474.63
CURRENT ASSETS				
(a) Inventories	**4**	**6,470.36**	7,066.32	7,186.96
(b) Financial Assets				
(i) Trade Receivables	**5**	**206.43**	417.76	608.60
(ii) Cash and Cash Equivalents	**6**	**338.82**	133.14	129.13
(iii) Other Bank Balances	**6**	**39.55**	414.55	39.55
(c) Other Current Assets	**3**	**3,064.62**	6,170.63	4,458.54
SUB-TOTAL		**10,119.78**	14,202.40	12,422.77
TOTAL ASSETS		**10,501.25**	14,646.98	12,897.40
II EQUITY AND LIABILITIES				
1 EQUITY				
(a) Equity Share Capital	**7**	**5.00**	5.00	5.00
(b) Other Equity	**8**	**1,524.15**	853.53	629.64
SUB-TOTAL		**1,529.15**	858.53	634.64
LIABILITIES				
2 NON-CURRENT LIABILITIES				
(a) Financial Liabilities				
Borrowings	**9**	**2,521.42**	2,521.42	5,021.42
(b) Provisions	**10**	**14.35**	–	–
(c) Deferred Tax Liabilities (Net)	**2**	**9.91**	–	–
SUB-TOTAL		**2,545.68**	2,521.42	5,021.42
3 CURRENT LIABILITIES				
(a) Financial Liabilities				
(i) Borrowings	**11**	**1,000.00**	2,331.52	1,290.20
(ii) Trade Payables	**12**	**3,600.40**	4,427.63	3,700.00
(iii) Other Financial Liabilities	**13**	**1,282.35**	4,009.93	1,220.04
(b) Provisions	**10**	**113.21**	137.01	104.58
(c) Current Tax Liabilities (Net)		**69.41**	–	117.14
(d) Other Current Liabilities	**14**	**361.05**	360.96	809.39
SUB-TOTAL		**6,426.42**	11,267.04	7,241.35
TOTAL		**10,501.24**	14,646.99	12,897.40

The accompanying notes 1 to 25 are an integral part of the Financial Statements

The Financial Statement for the financial year ended on 31st March, 2017 have been finalised by the management and are subject to (i) approval of the Board of Directors and (ii) statutory audit.

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

` in Lakhs

Particulars	Note No.	Year ended 31st March, 2017	Year ended 31st March, 2016
Continuing Operations			
I Revenue from operations	**15**	**4,898.32**	5,892.25
II Other Income	**16**	**53.95**	56.89
III Total Revenue (I + II)		**4,952.27**	5,949.14
IV EXPENSES			
(a) Cost of materials consumed	**17(a)**	**2,662.37**	4,294.04
(b) Changes in stock	**17(b)**	**595.96**	440.63
(c) Employee benefit expense	**18**	**92.89**	87.25
(d) Depreciation and amortisation expense	**1**	**64.75**	62.19
(e) Other expenses	**19**	**470.62**	729.20
Total Expenses (V)		**3,886.59**	5,613.30
Profit/(loss) before exceptional items and tax (I - IV)		**1,065.68**	335.84
Exceptional Items		**–**	–
VII Profit/(loss) before tax (VII - VIII)		**1,065.68**	335.84
VIII Tax Expense			
(1) Current tax	**20**	**374.38**	110.00
(2) Deferred tax	**20**	**20.68**	1.95
Total tax expense		**395.06**	111.95
XII Profit/(loss) for the period (XI + XIV)		**670.62**	223.89
XIII Profit/(Loss) from continuing operations for the period attributable to:			
Owners of the Company		**670.62**	223.89
Non controlling interests			
		670.62	223.89
XV Other comprehensive income		**6.08**	–
A (i) Items that will not be recycled to profit or loss		**–**	–
(a) Remeasurements of the defined benefit liabilities/(asset)		**6.08**	–
XVI Total comprehensive income for the period (XV + XVIII)		**676.71**	223.89
XVII Total comprehensive income for the period attributable to:			
Owners of the Company		**676.71**	–
Non controlling interests		**–**	–
XVIII Earnings per equity share (for continuing operation):			
(1) Basic	**21**	**1,341.25**	447.78
(2) Diluted	**21**	**1,341.25**	447.78

The accompanying notes 1 to 25 are an integral part of the Financial Statements

The Financial Statement for the financial year ended on 31st March, 2017 have been finalised by the management and are subject to (i) approval of the Board of Directors and (ii) statutory audit.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2017

` in Lakhs

Particulars	Note No.	Year ended 31st March, 2017	Year ended 31st March, 2016
Cash flows from operating activities			
Profit before tax for the year	PL	**1,065.68**	287.10
Adjustments for:			
Income tax expense recognised in profit or loss		**(374.38)**	(110.00)
Depreciation and amortisation of non–current assets	1	**64.75**	62.19
Movements in working capital:			
Increase in trade and other receivables		**211.33**	418.58
(Increase)/decrease in inventories		**595.96**	165.35
(Increase)/decrease in other assets		**2,174.16**	(2,354.93)
Decrease in trade and other payables		**(2,826.69)**	749.73
Cash generated from operations		**910.81**	(781.98)
Income taxes paid		**281.00**	129.21
Net cash generated by operating activities		**1,191.81**	(652.77)
Cash flows from investing activities			
Payments for property, plant and equipment		**(13.04)**	(9.54)
Net cash (used in)/generated by investing activities		**(13.04)**	(9.54)
Cash flows from financing activities			
Proceeds from borrowings		**–**	1,541.32
Repayment of borrowings		**(1,348.09)**	(500.00)
Net cash used in financing activities		**(1,348.09)**	1,041.32
Net increase in cash and cash equivalents		**(169.32)**	379.01
Cash and cash equivalents at the beginning of the year		**508.14**	129.13
Cash and cash equivalents at the end of the year		**338.81**	508.14

The accompanying notes 1 to 25 are an integral part of the Financial Statements

The Financial Statement for the financial year ended on 31st March, 2017 have been finalised by the management and are subject to (i) approval of the Board of Directors and (ii) statutory audit.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

NOTE NO. 1 – PROPERTY, PLANT AND EQUIPMENT

`. In Lakhs

Description of Assets	Buildings – Leasehold	Office Equipment	Furniture and Fixtures	Computers	Total
I. Gross Carrying Amount					
Balance as at 1st April 2016	255.23	16.98	37.79	26.35	336.35
Additions		1.27	2.79	8.99	13.04
Acquisitions through business combinations					
Disposals					
Reclassified as held for sale					
Others [describe]					
Balance as at 31st March 2017	**255.23**	**18.25**	**40.58**	**35.33**	**349.39**
II. Accumulated depreciation and impairment					
Balance as at 1st April 2016	106.69	9.32	10.36	15.94	142.31
Depreciation expense for the year	49.96	3.72	3.75	7.33	64.75
Eliminated on disposal of assets					
Eliminated on reclassification as held for sale					
Impairment losses recognised in profit or loss					
Reversals of impairment losses recognised in profit or loss					
Others [describe]					
Balance as at 31st March 2017	**156.65**	**13.03**	**14.11**	**23.27**	**207.06**
III. Net carrying amount (I–II)	**98.57**	**5.22**	**26.47**	**12.06**	**142.33**

`. In Lakhs

Description of Assets	Buildings – Leasehold	Office Equipment	Furniture and Fixtures	Computers	Total
I. Gross Carrying Amount					
Balance as at 1st April 2015	255.23	14.77	37.10	19.71	326.81
Additions	–	2.21	0.70	6.63	9.54
Acquisitions through business combinations					–
Disposals				–	–
Reclassified as held for sale					–
Others [describe]					–
Balance as at 31st March 2016	255.23	16.98	37.79	26.35	336.35
II. Accumulated depreciation and impairment					
Balance as at 1st April 2015	56.74	6.01	7.01	10.38	80.12
Depreciation expense for the year	49.96	3.31	3.35	5.57	62.19
Eliminated on disposal of assets				–	–
Eliminated on reclassification as held for sale					–
Impairment losses recognised in profit or loss					–
Reversals of impairment losses recognised in profit or loss					–
Others [describe]					–
Balance as at 31st March 2016	106.69	9.32	10.36	15.94	142.31
III. Net carrying amount (I–II)	148.53	7.67	27.43	10.40	194.04

Assets pledged as security and restriction on titles

As on reporting date Company had not pledged any item of PPE as security and there is no restriction on title

Impairment losses recognised in the year:

During the reporting period Company had not recognised any impairment loss on PPE

Method of Depreciations:

Depreciation on tangible fixed assets has been provided on prorata basis, on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 or estimated useful life, whichever is lower. Sales office & the sample flat/show unit cost is amortised over a period of 5 years.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

NOTE NO. 2: CURRENT TAX AND DEFERRED TAX

(i) Movement in deferred tax balances

`. In Lakhs

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	19.57	19.77	39.34
Intangible Assets			
Investment Property			
FVTOCI financial asset			
FVTPL financial asset			
Derivatives			
Other Temporary Differences (please specify)			
	19.57	19.77	39.34
Tax effect of items constituting deferred tax assets			
Employee Benefits	3.79	40.48	44.27
Equity–Settled Share Based payments			–
Provisions			–
Deferred income			–
Other Items	(12.59)	(80.93)	(93.52)
Carryforward Tax Loss			–
Minimum Alternate Tax Credit			–
Other Temporary Differences (please specify)			
	(8.80)	(40.45)	(49.25)
Net Tax Asset (Liabilities)	**10.76**	**(20.68)**	**(9.91)**

`. In Lakhs

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			
Property, Plant and Equipment			
Intangible Assets			
Investment Property			
FVTOCI financial asset			
FVTPL financial asset			
Derivatives			
	–	–	–
Tax effect of items constituting deferred tax assets			
Employee Benefits			
Equity–Settled Share Based payments			
Provisions			
Deferred income			
Other Items	12.71	(1.95)	10.76
Carryforward Tax Loss			
Minimum Alternate Tax Credit			
Other Temporary Differences (please specify)			
	12.71	(1.95)	10.76
Net Tax Asset (Liabilities)	**12.71**	**(1.95)**	**10.76**

Note No. 3 – OTHER CURRENT ASSETS

`. In Lakhs

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						
(ii) For intangible asset under development						
(iii) For Investment property under development						
(b) Advances other than capital advances						
(i) Security Deposits		239.13		239.78		215.23
(ii) Advances to related parties	1,002.79		2,058.56		1,101.22	
(iii) Balances with government authorities (other than income taxes)	106.54		319.27		306.81	
(iv) Other advances	1,955.29		3,792.80		3,050.51	
	3,064.62	239.13	6,170.63	239.78	4,458.54	215.23

Notes:

1. The Company has entered into a contract dated 28th September, 2011 with M/s B. E. Billimoria & Co (BEBL) as a Contractor for its construction project at MIHAN Nagpur. In terms of Clause 3.2, 12.3 and 12.6 of the said contract, BEBL had provided the company with Bank gurantees as follows:-

   a) Advance BG of ` 227 Lakhs

   b) Performance BG of ` 932 Lakhs

   c) Retention BG of ` 251 Lakhs

The Company was constrained to invoke the Bank Guarantees Given by BEBL. On Invocation, an amount of ` 227 Lakhs are adjusted against mobilisation advance, ` 932 Lakhs and ` 251 Lakhs are adjusted against other advances recoverable from BEBL.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

NOTE NO. 4 – INVENTORIES

`. In Lakhs

Particulars	**As at 31st March, 2017**	As at 31st March, 2016	As at 1st April, 2015
(a) Raw materials			
(b) Work-in-progress	6,470.36	7,066.32	7,186.96
(c) Finished and semi-finished goods			
(d) Stock-in-trade of goods acquired for trading			
(e) Stores and spares			
(f) Loose Tools			
(g) Agricultural produce (including biological assets)			
(h) Others (specify the nature)			
Total Inventories (at lower of cost and net realisable value)	6,470.36	7,066.32	7,186.96
Included above, goods-in-transit:			
(i) Raw materials			
(ii) Finished and semi-finished goods			
(iii) Stock-in-trade of goods acquired for trading			
(iv) Stores and spares			
(v) Loose Tools			
(vi) Others			
Total goods-in-transit		–	–

4 (a) Construction Work in Progress represents materials at site and unbilled costs on the projects. Based on projections and estimates by the Company of the expected revenues and costs to completion, provision for losses to completion and/or write off of costs carried to inventory are made on projects where the expected revenues are lower than the estimated costs to completion. In the opinion of the management, the net realisable value of the construction work in progress will not be lower than the costs so included therein.

4 (b) The unsold inventories as on Balance sheet date having charge with Kotak Mahindra Bank against the CC limit of ` 30 crores sanctioned for Bloomdale Project.

NOTE NO. 5 – TRADE RECEIVABLES

`. In Lakhs

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 receivables						
(a) Secured, considered good	206.43		417.76		608.60	
(b) Unsecured, considered good						
(c) Doubtful						
Less: Allowance for Credit Losses						
TOTAL	**206.43**	**–**	**417.76**	**–**	**608.60**	**–**
Of the above, trade receivables from:						
– Related Parties						
– Others	206.43	–	417.76	–	608.60	–
Total	**206.43**	**–**	417.76	–	608.60	–

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 the terms of 21 to 60 days.

NOTE NO. 6 – CASH AND BANK BALANCES

`. In Lakhs

Particulars	**As at 31st March, 2017**	As at 31st March, 2016	As at 1st April, 2015
Cash and cash equivalents			
(a) Balances with banks	**338.56**	133.13	129.12
(b) Cheques, drafts on hand			
(c) Cash on hand	**0.26**	0.01	0.00
(d) Others			
Total Cash and cash equivalent	**338.82**	133.14	129.13
Other Bank Balances			
(a) Earmarked balances with banks			
(b) Balances with Banks:			
(i) On Margin Accounts	**39.55**	39.55	39.55
(ii) Fixed Deposits with maturity greater than 3 months	**–**	375.00	
Total Other Bank balances	**39.55**	414.55	39.55
	378.37	547.69	168.68

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Reconcliation of Cash and Cash Equivalents

`. In Lakhs

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	338.82	133.14	129.13
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	338.82	133.14	129.13

Details transaction in specified Bank Notes:

`. In Lakhs

Particulars	*SBNs*	*Other denomination notes*	*Total*
Closing cash in hand as on 08.11.2016	–	*0.00*	*0.00*
(+) Permitted receipts	–	*0.80*	*0.80*
(–) Permitted payments	–	*0.61*	*0.61*
(–) Amount deposited in Banks	–	–	–
Closing cash in hand as on 30.12.2016	**–**	***0.19***	***0.19***

NOTE NO. 7 – EQUITY SHARE CAPITAL

`. In Lakhs

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
Authorised:						
Equity shares of ` 10 each with voting rights	50,000	5.00	50,000	5.00	50,000	5.00
Equity shares of ` ___ each with differential voting rights	–	–	–	–	–	–
Preference shares of ` ___ each	–	–	–	–	–	–
Issued, Subscribed and Fully Paid:						
Equity shares of ` 10 each with voting rights	50,000	5.00	50,000	5.00	50,000	5.00
Equity shares of ` ___ each with differential voting rights	–	–	–	–	–	–
Preference shares of ` ___ each	–	–	–	–	–	–
Issued, Subscribed and Partly Paid:						
Equity shares of ` 10 each with voting rights	50,000	5.00	50,000	5.00	50,000	5.00
Equity shares of ` ___ each with differential voting rights	–	–	–	–	–	–
Preference shares of ` ___ each	–	–	–	–	–	–
Forfeited shares						
Treasury Shares (par value)						
Total	50,000	5.00	50,000	5.00	50,000	5.00

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

`. In Lakhs

Particulars		Opening Balance	Closing Balance
(a) Equity Shares with Voting rights*			
Year Ended 31st March 2017			
	No. of Shares	50000	50,000
	Amount	5.00	5.00
Year Ended 31st March 2016			
	No. of Shares	50,000	50,000
	Amount	5.00	5.00
Year Ended 1st April 2015			
	No. of Shares	50,000	50,000
	Amount	5.00	5.00

(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 Lifespace Developers Ltd.	**35,000**	**70.00%**	35,000	70.00%	35,000	70.00%
B E Billimoria & Co Ltd.	**15,000**	**30.00%**	15,000	30.00%	15,000	30.00%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Statement Of Changes In Equity for the year ended 31st March 2017

A. Equity share capital

	`. In Lakhs
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

7(a) 35,000 equity shares are held by Mahindra Lifespace Developers Limited and its nominees.

7(b)There has been no movement in the equity share capital during the year.

Terms/Rights attached to Equity Shares

The company has only one class of Equity shares having a par value of ` 10/- per share. Each holder of Equity Shares is entitled to one vote per share.

Repayment of capital on liquidation will be in proportion to the number of equity shares held.

Details of shares held by each shareholder including Holding Company, holding more than 5% of the aggregate shares in the Company:

	As on 31st March, 2017 `. In Lakhs		As on 31st March, 2016 `. In Lakhs	
	No of Shares	**Value of Shares**	No of Shares	Value of Shares
Holding Company (70%)				
Mahindra Lifespace Developers Limited				
Equity	35,000	3.50	35,000	3.50
B. E. Billimoria & Co Limited (30%)				
Equity	15,000	1.50	15,000	1.50

NOTE–8: STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2017

b. Other Equity

	General Reserve	**Debenture redemption Reserve**	**Retained Earnings**	**Total**
As at 1st April 2015		**625.00**	**4.64**	**629.64**
Profit/(Loss) for the period			223.89	223.89
Other Comprehensive Income/(Loss)				
Total Comprehensive Income for the year				
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		–		
Any other changes (to be specified)		–		
As at 31st March 2016	**–**	**625.00**	**228.53**	**853.53**
Profit/(Loss) for the period			670.62	**670.62**
Other Comprehensive Income/(Loss)				
Total Comprehensive Income for the year				
Dividend paid on Equity Shares				
Dividend Distribution Tax				
Transfers to Reserves				
Transfers from retained earnings		(625)	625	–
Equity Share Issuance Costs				
Exercise of employee stock options		–		
Options granted during the period		–		
Any other changes (to be specified)				
As at 31st March 2017	**–**		**1,524.15**	**1,524.15**

Particulars	**31st March, 2017**	31st March, 2016	1st April, 2015
(I) Debenture Redemption Reserve :			
Balance as at the beginning of the year	**625.00**	625.00	114.32
Add :			
Transfer from Surplus in Statement of Profit and Loss	**–**	–	510.68
Less :			
Transfer to Surplus in Statement of Profit and Loss	**625.00**	–	–
Balance as at the end of the year	**–**	625.00	625.00

Debenture Redemption Reserve has been created to the extent of 25% of NCD issued. Same has been redeemed on 09 Sept 2016 and hence the Debenture Redemption Reserve amount has been transferred back to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

NOTE NO. 9 - NON-CURRENT BORROWINGS

`. In Lakhs

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	11.25%		**–**	–	2,500.00
(b) Term Loans					
(1) From Banks					
(2) From Others Parties					
(c) Deferred payment liabilities					
(d) Deposits					
(e) Loans from related parties					
(f) Long term maturities of Finance Lease Obligations					
(g) Liability component of compound financial instruments					
(h) Other Loans					
Total Secured Borrowings			**2,521.42**	2,521.42	2,500.00
B. Unsecured Borrowings – at amortised Cost					
(a) Bonds/Debentures					
(b) Term Loans					
(1) From Banks					
(2) From Financial Institutions & Others					
(c) Deferred payment liabilities					
(d) Deposits					
(e) Loans from related parties	12.75%		**2,521.42**	2,521.42	2,521.42
(f) Long term maturities of Finance Lease Obligations					
(g) Liability component of compound financial instruments					
(h) Other Loans					
Total Unsecured Borrowings			**2,521.42**	2,521.42	2,521.42
Total Borrowings			**2,521.42**	2,521.42	5,021.42

NOTE NO. 10 – PROVISIONS

`. In Lakhs

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) Provision for employee benefits	**1.44**	**14.35**	20.30		14.76	
(b) Other Provisions						
1 Warranty	**93.00**		93.00		72.00	
2 Other Provisions	**18.78**		23.71		17.82	
Total Provisions	**113.21**	**14.35**	137.01	–	104.58	–

Details of movement in Other Provisions is as follows:

Particulars	Warranty	Other Provisions	Total
Balance at 1st April 2015		17.82	17.82
Additional provisions recognised	93.00	5.89	98.89
Amounts used during the period	–		
Unused amounts reversed during the period	–		
Unwinding of discount and effect of changes in the discount rate	–		
Balance at 31st March 2016	93.00	23.71	116.71
Balance at 1st April 2016	93.00	23.71	116.71

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	Warranty	Other Provisions	Total
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 31st March 2017	93.00	23.71	**116.71**

Warranty:

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 product, 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 ranging from 6 months to 5 years. It is expected that most of these costs will be incurred in the next two financial years and all will have been incurred within five years after the reporting date.

NOTE NO. 11 – CURRENT BORROWINGS

`. In Lakhs

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April 2015
A. Secured Borrowings			
(a) Loans repayable on demand			
(1) From Banks	–	376.30	1,290.20
(2) from other parties			
(b) Loans from related parties			
(c) Deposits			
(d) Other Loans			
Total Secured Borrowings	–	376.30	1,290.20
B. Unsecured Borrowings			
(a) Loans repayable on demand			
(1) From Banks	–		
(2) from other parties	**1,000.00**	1,955.22	
(b) Loans from related parties			
(c) Deposits			
(d) Other Loans			
Total Unsecured Borrowings	**1,000.00**	1,955.22	–
Total Current Borrowings	**1,000.00**	2,331.52	1,290.20

The above facility of Loan repayable on Demand is secured by First pari passu charge by way of mortgage on the Property/Project and second charge over escrow of receivables from Project Rate of interest is base rate plus 1% (presently 10.3% p.a)

The company has not defaulted in repayment of interest or principal.

NOTE NO. 12 – TRADE PAYABLES

` In Lakhs

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 payable - Micro and small enterprises	–	–	–	–	–	–
Trade payable - Other than micro ans small enterprises	**3,600.40**	–	4,427.63	–	3,700.00	–
Liability for Cash-settled share-based payments	–					
Acceptances	–					
Total trade payables						
	3,600.40	–	4,427.63	–	3,700.00	–

12 (a) Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

12 (b) Based on the information available with the Company there are no outstandings in respect of Micro, Small and Medium Enterprises as of Balance Sheet date.

NOTE NO. 13 – OTHER FINANCIAL LIABILITIES

` In Lakhs

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			
(a) Security Deposits			
(b) Other long term liabilities			
	–	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

` In Lakhs

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Current			
(a) Current maturities of long-term debt -	–	3,000.00	500.00
(b) Current maturities of finance lease obligations	–		
(c) Interest accrued	**1,282.35**	1,009.93	720.04
(d) Unpaid dividends (includes preference dividend of ` XX, considered as interest)			
(e) Application money received due for refund and interest accrued thereon			
(f) Unpaid matured deposits and interest accrued thereon			
(g) Unpaid matured debentures and interest accrued thereon			
(h) Unpaid matured preference shares			
(i) Other liabilities			
(1) Creditors for capital supplies/services			
(2) Retention Money			
	1,282.35	4,009.93	1,220.04
Other Financial Liabilities Measured at Fair value			
(a) Derivatives designated and effective as hedging instruments			
(b) Derivatives not designated as a hedging instruments			
(c) Other Financial Intruments carried at FVTPL:			
(1) Non-derivative held for trading liabilities			
(2) Contingent consideration on acquisitions			
(3) Financial guarantee contracts			
(4) Redeemable preference shares (at fair value)			
Total other financial liabilities	–	–	–

NOTE NO. 14 – OTHER LIABILITIES

` In Lakhs

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	**215.41**		218.75	–	745.38	–
b. Defered Revenue						
– Deferred Revenue arising from Customer Loyalty program						
– Deferred Government grant related to assets						
– Other Deferred Revenues						
c. Society Payable (Net of surplus parked in FDs)	**144.82**		115.61	–	0.47396	
c. Statutory dues						
– taxes payable (other than income taxes)	**0.82**		26.60		63.54	
– Employee Recoveries and Employer Contributions						
TOTAL OTHER LIABILITIES	**361.05**	**–**	360.96	–	809.39	–

NOTE NO. 15 – REVENUE FROM OPERATIONS

The following is an analysis of the company's revenue for the year from continuing operations.

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
	` in Lakhs	` in Lakhs
(a) Income from Projects	**4,898.32**	5,892.25
(b) Revenue from rendering of services		
(c) Other operating revenue		
(d) In respect of current year		
(e) Construction contract revenue		
Total Revenue from Operations	**4,898.32**	5,892.25

NOTE NO. 16 – OTHER INCOME

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
	` in Lakhs	` in Lakhs
(a) Interest Income		
(1) Interest on InterCorporate Deposits	**–**	–
(2) Interest on Bank Deposits	**–**	–
(3) Others	**48.47**	47.50
(b) Dividend Income		
(c) Miscellaneous Income	**5.48**	9.39
	53.95	56.89

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

NOTE NO. 17(A) – COST OF MATERIALS CONSUMED

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
	` in Lakhs	` in Lakhs
Architect Fees	**51.91**	–
Stamp Duty	**4.97**	0.24
Interest on loan from related parties	**321.48**	322.14
Interest on Debentures	**124.10**	281.59
Interest On Term Loans - Rupee Loans	**164.51**	118.84
Interest on Cash Credit	**56.60**	167.52
Employee, Remuneration & Staff Welfare Expenses	**129.90**	133.55
Civil Work	**1,729.40**	3,054.46
Club House Interior work	**54.47**	–
Hvac Work	**25.11**	–
Liasoning /Statutory Fees	**–**	33.68
Electrical Work	**2.94**	2.90
Fabrication Work	**3.14**	1.21
Security Services	**32.85**	31.89
Land Development	**–**	151.51
Consultant & Professional Charges	**29.97**	14.47
Other Expenses	**1.26**	9.50
Miscellaneous Expenses	**–**	5.00
Other Income	**0.64**	(0.64)
Interest on FD	**(18.97)**	(33.81)
Cost of materials consumed	**2,662.37**	4,294.04

17(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
	` in Lakhs	` in Lakhs
Inventories at the end of the year:		
Finished goods		
Work-in-progress	**6,470.36**	7,066.32
Stock-in-trade		
	6,470.36	7,066.32
Inventories at the beginning of the year:		
Finished goods		
Work-in-progress	**7,066.32**	7,506.95
Stock-in-trade		
	7,066.32	7,506.95
Net (increase)/decrease	**595.96**	440.63

NOTE NO. 18 – EMPLOYEE BENEFITS EXPENSE

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
	` in Lakhs	` in Lakhs
(a) Salaries and wages, including bonus	**206.40**	208.79
(b) Contribution to provident and other funds	**7.40**	–
(c) Share based payment transactions expenses		–
(1) Equity-settled share-based payments		–
(2) Cash-settled share-based payments		–
(d) Staff welfare expenses	**8.99**	12.00
Less : Allocated to projects	**(129.90)**	(133.55)
Total Employee Benefit Expense	**92.89**	87.25

NOTE NO. 19 – OTHER EXPENSES

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
	` in Lakhs	` in Lakhs
(a) Repairs and maintenance - Others	**39.78**	36.10
(b) Advertisement	**233.45**	150.41
(c) Commission on sales/contracts (net)	**74.13**	52.27
(i) As Auditors	**5.03**	6.50
(ii) For Taxation matters	**0.75**	0.75
(iii) For Company Law matters	**–**	–
(iv) For Other services	**0.75**	1.00
(v) For reimbursement of expenses		
(d) Other expenses		
(1) Provision for diminution of Investments		
(2) Provision for losses of subsidiaries		
(3) Legal and other professional costs	**37.20**	232.24
(4) Printing & Stationery		
(5) Communication		
(6) Others	**79.53**	249.93
Total Other Expenses	**470.62**	729.20

NOTE NO. 20 – CURRENT TAX AND DEFERRED TAX

(a) Income Tax recognised in profit or loss

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
	` in Lakhs	` in Lakhs
Current Tax:		
In respect of current year	**374.38**	110
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	**20.68**	(14.91)
Unrecognised tax loss used to reduce deferred tax expense		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Particulars	Year ended 31st March, 2017 ` in Lakhs	Year ended 31st March, 2016 ` in Lakhs
Deferred Tax reclassified from equity to profit or loss		
Adustments due to changes in tax rates		
Write down/Reversal of previous write-downs of deferred tax assets		
Others		
Total income tax expense on continuing operations	**395.06**	95.09

NOTE NO. 21 – EARNINGS PER SHARE

Particulars	Year ended 31st March, 2017 ` Per Share	Year ended 31st March, 2016 ` Per Share
Basic Earnings per share		
From continuing operations	**1,341.25**	447.78
From discontinuing operations		
Total basic earnings per share	**1,341.25**	447.78
Diluted Earnings per share		
From continuing operations	**1,341.25**	447.78
From discontinuing operations		
Total diluted earnings per share	**1,341.25**	447.78

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 Lakhs

	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	**670.62**	223.89
Less: Preference dividend and tax thereon		
Profit/(loss) for the year used in the calculation of basic earnings per share	**670.62**	223.89
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	**670.62**	223.89
Weighted average number of equity shares	**50000**	50000

`. In Lakhs

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Earnings per share from continuing operations - Basic	**1,341.25**	447.78

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.

`. In Lakhs

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Profit/(loss) for the year used in the calculation of basic earnings per share	**670.62**	223.89
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	**670.62**	223.89
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	**670.62**	223.89

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 31st March, 2017	For the year ended 31st March, 2016
Weighted average number of equity shares used in the calculation of Basic EPS	**50000**	50000
ESOPs	**0**	0
Convertible bonds		
Others if any		
Weighted average number of equity shares used in the calculation of Diluted EPS	**50000**	50000

A) Reconciliation of Equity

` In Lakhs

Particulars	As at 1st April, 2015	As at 30th June, 2015	As at 30th September, 2015	As at 31st December, 2015	As at 31st March, 2016
Equity as reported under Indian GAAP	642.71	655.26	838.74	972.69	834.73
Ind AS Adjustments :					
IND AS transition reserve (Cost, revenue & Deferred tax impact on on unwinding deferred payment liability for Royalty)	(8.08)	23.80	23.80	23.80	23.80
Sub-total	(8.08)	23.80	23.80	23.80	23.80
Equity as reported under IND AS	**634.64**	**679.06**	**862.54**	**996.49**	**858.53**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

B) Reconciliation of Profit

` In Lakhs

Particulars	Quarter Ended 30th June, 2015	Quarter Ended 30th September, 2015	Quarter Ended 31st December, 2015	Quarter Ended 31st March, 2016	Year Ended 31st March, 2016
Profit/(Loss) as per Indian GAAP	12.55	183.48	133.95	(137.96)	192.02
Ind AS Adjustments:					
Add					
Impact on Revenue on unwinding deferred payment liability for Royalty	23.15	34.25	68.83	101.51	227.74
Deferred Tax - Expenses	(1.60)	(1.69)	(5.35)	(8.22)	(16.86)
Less:					
Impact on Cost on unwinding deferred payment liability	(18.52)	(29.36)	(53.35)	(77.77)	(179.00)
Profit or loss under Ind AS	**15.57**	**186.68**	**144.07**	**(122.44)**	**223.89**
Other comprehensive income					
Total comprehensive income under Ind AS	**15.57**	**186.68**	**144.07**	**(122.44)**	**223.89**

22 Employee benefits-Gratuity

22a Principal Actuarial Assumptions

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Discount rate	**7.20%**	7.80%
Retirement age	**60 yrs**	60 yrs
Salary escalation	**10.00%**	10.00%

22b Reconciliation of Benefit Obligation

Change in defined benefit obligations (DBO)	As at 31st March, 2017	As at 31st March, 2016
	` in Lakhs	` in Lakhs
Present value of DBO at beginning of the year	**10.37**	8.63
Current service cost	**2.66**	2.27
Interest cost	**0.81**	0.67
Actuarial (gains)/losses	**(6.08)**	(1.20)
Benefits paid	**–**	–
Present value of DBO at the end of the year	**7.76**	10.37

22c Expenses recognised in the statement of profit and loss for the year ended 31st March 2017:

Components of employer expense	Year ended 31st March, 2017	Year ended 31st March, 2016
	` in Lakhs	` in Lakhs
Current service cost	**2.66**	2.27
Interest cost	**0.81**	0.67
Actuarial losses/(gains)	**–**	(1.20)
Total expense recognised in the statement of profit and loss	**3.47**	1.74

NOTE NO. 23 – RELATED PARTY TRANSACTIONS

23a	Description of relationship	Names of related parties
	Holding company of enterprise having joint control over the Company	Mahindra & Mahindra Limited
	Enterprise having joint control over the Company	Mahindra Lifespaces Developers Limited
	Enterprise having joint control over the Company	B.E. Billimoria & Co. Ltd

Note: Related parties have been identified by the Management.

Details of related party transactions and balances outstanding as at 31st March, 2017 :

					` In Lakhs
23b	Nature of transactions:	Enterprise having joint control over the Company (Mahindra Lifespace Developers Ltd)		Enterprise having joint control over the Company (B.E. Billimoria & Co Ltd)	
		Year Ended 31st March, 2017	Year Ended 31st March, 2016	Year Ended 31st March, 2017	Year Ended 31st March, 2016
	Transactions during FY 16-17				
	Purchase of services	**–**	212.72	**1,646.95**	2,158.43
	Inter corporate deposit taken	**–**	–	**–**	–
	Interest on inter corporate deposit	**224.98**	225.44	**96.50**	96.70
	Inter corporate deposit repaid	**–**	–	**–**	–
	Outstandings as on Balance Sheet date		–		–
	Payable Towards Mark Up	**582.90**	361.67	**–**	–
	Payable Towards ICD Interest	**897.48**	492.10	**384.87**	211.00
	Other advances recoverable		–	**(743.46)**	(395.10)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

					` In Lakhs
23b	**Nature of transactions:**	**Enterprise having joint control over the Company (Mahindra Lifespace Developers Ltd)**		**Enterprise having joint control over the Company (B.E. Billimoria & Co Ltd)**	
		Year Ended 31st March, 2017	Year Ended 31st March, 2016	**Year Ended 31st March, 2017**	Year Ended 31st March, 2016
	Mob Adv Recoverable		–	**(259.33)**	(706.81)
			–		–
	Payable Towards ICD	**1,764.56**	1,764.56	**756.86**	756.86
			–		–
	Less : Payment (Towards Purchase)	**–**	–		–
	Net Payable	**3,244.94**	3,042.46	**138.94**	(1,028.24)

NOTE NO. 24 – The Company operates in one segment namely Project and development activity.

NOTE NO. 25 – Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

The accompanying notes 1 to 25 are an integral part of the Financial Statements

The Financial Statement for the financial year ended on 31st March, 2017 have been finalised by the management and are subject to (i) approval of the Board of Directors and (ii) statutory audit.

NOTES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

1. General Information

Mahindra Bebanco Developers Limited is a limited company incorporated in India. It is a joint venture company between Mahindra Lifespace Developers Ltd. and B. E. Billimoria & Co Ltd.

The addresses of its registered office and principal place of business are disclosed in the introduction to the annual report. The principal activity of the Company is development of residential complexes in MIHAN Nagpur.

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 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 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 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. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

2.4.1 Construction contracts

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 consolidated balance sheet under trade receivables.

Owing to the amounts outstanding from the Contractor as well as its refusal to pay and denial of the claims made by the Company, the Company was constrained to invoke the Bank Guarantees given by the Contractor aggregating ` 14,10,46,948 in Q4 FY17. Out of the aforesaid amount, ` 2,26,60,528 pertaining to Mobilisation bank guarantee and ` 2,51,37,108 pertaining to Retention bank guarantee and ` 9,32,49,312 pertaining to performance bank guarantee all were adjusted against the advances given to the Contractor.

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

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 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 measured based on the proportion of costs incurred for rendering of the service to date relative to the estimated total costs, except where this would not be representative of the stage of completion

NOTES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

2.4.3 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.

2.4.4 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 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.

2.6 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.6.1 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.

2.6.2 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 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.

2.6.3 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 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.

2.8 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.

NOTES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

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.

2.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

2.10 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.

2.11 Employee benefits provisions

Employee benefits provisions are measured and classified into long term and short term provisions based on Actuarial valuation as per IND AS-19 as on Balance sheet date.

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 asset is held within a business model whose objective
- 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.

2.12.2 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 Investments in equity instruments at FVTOCI

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the ‘Reserve for equity instruments through other comprehensive income’. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

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 Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

2.12.4 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.

NOTES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

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 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.

2.12.5 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.

2.12.6 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.

2.12.7 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.

NOTES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

- 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.

2.13 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.

2.13.1 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.

2.13.2 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.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

2.13.2.1 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.

2.13.2.2 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 Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognised by the Company 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 Company of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

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.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, 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 recognised 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, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the Company that are designated by the Company as at fair value through profit or loss are recognised in profit or loss.

2.13.2.3 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

NOTES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

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.

2.13.2.4 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

2.13.2.5 Commitments to provide a loan at a below-market interest rate

Commitments to provide a loan at a below-market interest rate are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

2.13.2.6 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.

2.13.2.7 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.

2.14 1.28 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.

2.14.5 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.

2.14.6 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.

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